



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 6 SEPTEMBER 2022**

SUBJECT: PROPOSED REVISION OF BUS FARE STRUCTURE

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To ask Committee to consider the proposal to both simplify and harmonise the current supported bus service fares through the introduction of a zonal fare structure and to grant delegated authority in setting additional fares and promotions to meet market demand.
- 1.2 This report is submitted to Committee in terms of Section III (F) (18) of the Council's Scheme of Administration relating to the Council's function in providing public transport through the Council's own bus route network.

2. RECOMMENDATION

2.1 It is recommended that Committee:

- (i) approve the proposal to simplify and harmonise bus fare options through a zonal system on demand responsive and local bus services;**
- (ii) award the Head of Environmental and Commercial Services delegated authority to enact new ticket types as set out in paragraph 4.6 of the report; and**
- (iii) award the Head of Environmental and Commercial Services, in consultation with the Head of Financial Services delegated authority to consider short term fares offers and promotions as appropriate.**

3. BACKGROUND

- 3.1 The Council currently provides in house operation of both demand responsive transport/dial a bus (DRT) and a small number of supported rural bus services. The current fleet size and profile is determined by Council requirements in providing home to school transport and adult social care

contracts. The opportunity has been taken to utilise the off peak downtime of these vehicles to provide DRT across Moray, covering the gaps not served by commercial bus companies. Fares are set using traditional staged faretables based on a mix of historical fare data based around distance travelled and an awareness of similar distances charged by commercial bus operators.

- 3.2 It has become apparent in recent years that the fares charged on DRT and the fares charged on our scheduled bus services have become more and more at variance with each other on journeys of a similar nature. As the authority moves into the first phase of the Growth Deal Bus Revolution later this year, it's logical to harmonise the calculation method for fares on all types of service across Moray. In undertaking this exercise, the desire is to offer a fare to the customer which both realises a fair financial return to the authority whilst remaining both affordable for fare paying customers and reflects the fare levels charged commercially by other bus companies. Under the Growth Deal project, all services will be operated under the "m.connect" banner.
- 3.3 The greater majority of customers currently using Moray Council bus services are holders of the National Entitlement concession card, with on average 10% of customers paying a cash fare. It is predicted there will be an increase in cash fares once Bus Revolution commences as services will operate across a much wider part of the day. This expansion of provision will assist in tackling issues such as social isolation currently limiting the connection of people to their communities or workplace. A simplified fare structure is vital in making this easy.
- 3.4 Transport Scotland reimburse over 60s and disabled National Entitlement concession passes at 55.9 pence per pound based on the adult single fare. The recently introduced under 22s free bus passes are reimbursed at 81.2% per pound for 16 -21 year olds and 43.6% for 5 – 5 years olds, both based on the adult (not child) single fare. Only single journey fares are sold through the scheme.
- 3.5 The Covid pandemic saw a steep drop in passenger traffic on all bus services across the UK on account of the guidance advising essential travel only. The market is slowly recovering but there remains a customer confidence issue in travelling by public transport, such was the negativity of UK wide messaging for such an extended period. Along with a joint campaign with Stagecoach to promote public transport this year in Moray, promotion of a clearly understood fares product will assist in clarifying the message that public transport is open to all.

4. PROPOSAL

- 4.1 The proposal is to simplify the fares charged on all Council operated services across Moray into a simple zonal structure which can be easily understood by customers. This will allow the Council to promote its fares more readily online and in publicity through a simple map highlighting the zonal structure. It will also allow easy recognition of the correct fare charged as the app based DRT booking service comes on stream in the first phase of Bus Revolution.

4.2 Fares charged will be pinned around four adult single fares across Moray which will generate associated return fares, weekly tickets, etc. Any journey requiring four or more zones will allow the customer unlimited travel that day across the whole of Moray on Council operated bus services. The approach allowing the purchase of a number of zones to equate with an unlimited travel day ticket follows best practice in a number of commercial bus companies and groups across the UK. The zonal map is attached in **Appendix A** with black lines separating each fare zone on the map

4.3 In deciding how to pitch the zonal fare structure, consideration was taken of Council's current fares and compared with those of commercial bus service providers in Moray. Comparisons have also been made of similar journeys in other areas in Scotland, both urban and rural. Across the country, there is a strong trend supporting the clear easily grasped fares structures rising in several stages into a day ticket.

4.4 The classes of tickets proposed across the zones are as follows:

Adult Single
 Adult Return
 10 Journey
 Annual

4.5 These will be implemented once approved by committee and Transport Scotland and systems and communications are ready for the revised fares, anticipated to be early autumn. Delegated authority is sought for the introduction of weekly and monthly tickets once it is believed the market is ready to support these ticket types, as days of operation and frequency are increased in later phases of the Growth Deal project. All young people under 22 receive free travel in Scotland, removing the requirement to promote child fares but under sixteen child fares will be offered at 50% of the adult fare for visitors to Moray from outside Scotland (who will not hold a valid national entitlement concession card)

4.6 The table shown below indicates the fares proposed for the new zonal structure. At this juncture, it is not proposed to offer all the various options until the service is increased as Bus Revolution evolves. Those proposed for implementation on approval of this report are shown in bold font. Delegated authority is requested to allow the Head of Environmental and Commercial Services to enact the additional ticket types included in the table at an appropriate juncture.

	Adult Sgl	Adult Rtn	10 Journey	Annual	Weekly	Monthly
One Zone	£3.00	£5.00	£20.00	£800.00	£24.00	£80.00
Two Zones	£5.50	£9.00	£36.00	£1400.00	£42.00	£140.00
Three Zones	£7.50	£9.00	£36.00	£1400.00	£42.00	£140.00
Four or more zones	£9.00	£9.00	£36.00	£1400.00	£42.00	£140.00

4.7 The proposed fares have been compared against fares from local operators and around the country. As the fare zones are broad, compared to a purely mileage based pricing structure, it means that some of the lowest fares increase and some of the higher fares are reduced. As a very rural area particular consideration has been given to offering value for money over longer journeys, which is enabled by the zonal approach. Equally, competitive pricing on multiple journeys to compare favourably with fuel prices have been a priority in balancing the fares across the different ticket types. As examples for comparative fares that have been considered (not an exhaustive list as each operator has multiple ticket types):

Ticket Type	Price	Validity
Stagecoach Moray Day Rider	£9.50	All Stagecoach services in Moray for one day
Stagecoach Elgin Commuter Day Rider	£6.30	Stagecoach services across Elgin including Lhanbryde for one day
Stagecoach Craigellachie to Dufftown	£3.10	Single journey
Stagecoach Seafield Hospital, Buckie to The Square, Cullen	£7.30	Single journey
First Bus Glasgow, Kelvingrove Museum to Buchanan Street Bus Station (1.2 miles)	£2.65	Single journey
Xplore Dundee, 10-trip bundle	£19.25	10 journeys, valid for up to one year, only valid on Xplore Dundee (network approx. 8 miles wide from Gowriehill to Barnhill)

4.8 Budget has been identified within Revenue in the Growth Deal Fund to engage a marketing agency to promote the new structure alongside with the major benefits to customers being introduced through Bus Revolution. Procurement of the marketing service is subject to the approval of the Full Business Case and revenue budget.

4.9 To allow for agile promotion of bus services to encourage uptake both of the current services and those to be introduced as part of the Moray Growth Deal (Bus Revolution) it is requested that delegated authority is granted to the Head of Environmental & Commercial Services, in consultation with the Head of Financial Services, to introduce short term promotions and fare offers as part of a structured approach to marketing services.

5. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This report supports the Corporate Plan priority around our future in supporting economic development and a commitment to environmentally sustainable travel.

(b) Policy and Legal

Committee approval is required to authorise any change to charges made by the Council.

(c) Financial implications

An uplift in revenue will be generated on existing services and those to be introduced through the Growth Deal by implementing the new fares. Para 4 above sets out an overview of the benchmarking position and rationale for the fares structure. By shifting the balance of priority towards longer journeys and multiple journeys, there is also an increase to the lowest fares in the system (which started at £1.15), but it should be noted that these lowest fares are almost without exception used by concessionary card holders rather than cash fare payers. By balancing out the fares structure it is anticipated that the income generated will increase the yield and go some way to mitigating the net subsidy per passenger of current operations, but does not fully offset operating costs. The improved yield is being incorporated into the financial case for Bus Revolution which will be reported separately.

(d) Risk Implications

Although approximately 90% of current passengers hold a concessionary card, there's a small risk of a negative reaction from cash paying passengers purchasing a single ticket.

(e) Staffing Implications

There are no staffing implications incurred through the contents of this report

(f) Property

There are no property implications incurred through the contents of this report.

(g) Equalities/Socio Economic Impact

There are no direct equalities implications arising from this report. However the increased awareness of the m.connect brand and services plus the increased focus on fares will increase opportunities for communities to connect and assist in the alleviation of social isolation.

(h) Climate Change and Biodiversity Impacts

There are no direct climate change and biodiversity implications arising from this report. Promoting uptake of public transport reduces CO2 emissions against individual car usage and will assist the Council's drive towards being carbon neutral by 2030.

(i) Consultations

Depute Chief Executive (Economy, Environment and Finance, the Head of Environmental and Commercial Services, , Legal Services Manager, the Equal Opportunities Officer, and L Rowan, Committee Services Officer have been consulted with any comments received incorporated into this report

6. CONCLUSION

- 6.1 **Local bus fares charged by Moray Council require an overhaul to harmonise the fares charged between Demand Responsive Transport services and timetabled local bus services whilst also maximising income balanced against community need.**
- 6.2 **Simplification of the raft of current fares charges into a concise and clear zonal system will benefit customers across Moray.**

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Background Papers:

Ref: SPMAN-524642768-766
SPMAN-524642768-779