

# Public Document Pack



Monday, 19 July 2021

To: Members of the MCA - Mayoral Combined Authority Board and Appropriate Officers

## NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **Sheffield City Region, 11 Broad Street West, Sheffield S1 2BQ**, on: **Monday, 26 July 2021 at 10.00 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dr Dave Smith  
**Chief Executive**

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**MCA - Mayoral Combined Authority Board**

**Monday, 26 July 2021 at 10.00 am**

**Venue: 11 Broad Street West, Sheffield S1 2BQ**



## **Agenda**

<b>Agenda Ref No</b>	<b>Subject</b>	<b>Lead</b>	<b>Page</b>
18.	Summer Public Transport Concession Options  (with reference to Case of Special Urgency Notice published 21/07/21)	Tim Taylor	5 - 10
<b>Date of next meeting:</b> Monday, 20 September 2021 at 10.00 am <b>At:</b> 11 Broad Street West, Sheffield S1 2BQ			

**Mayoral Combined Authority Board**

**26 July 2021**

**Summer Public Transport Concession Options**

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**Is the paper exempt from the press and public?** No

**Purpose of this report:** Funding Decision

**Funding Stream:** Not applicable

**Is this a Key Decision?** Yes

**Has it been included on the Forward Plan?**  
No

**Director Approving Submission of the Report:**  
Tim Taylor, Director of Customer Services (SYPTTE)

**Report Author:**  
Tim Taylor  
Tim.taylor@sypte.co.uk

**Executive Summary:**

This paper sets out a request to approve the subsidy of multi-operator tickets during August and September 2021 to encourage patronage return to our public transport network and generate footfall in our town and city centres.

The paper considers 2 options to discount multi-operator tickets in the Region. The first option would see a discount of 25% applied to a new 'Flexi-5' ticket range. The second option would see a 25% discount applied to all TravelMaster products. Both options would be for a period of 8 weeks during August and September.

**What does this mean for businesses, people and places in South Yorkshire?**

Providing discounted public transport travel during the proposed eight week period will provide an increased incentive for greater economic activity across the Region for people travelling to work, and to retail and leisure venues. It will also support the return of passengers to the Region's transport network, helping to sustain services beyond the period of Government subsidy.

**Recommendations:**

That Members consider the options outlined and determine which if any of these should be pursued.

## **1. Background**

- 1.1 COVID-19 has had a sustained and significant impact on the South Yorkshire economy. The evidence can be seen clearly through the impact on the number of people using public transport to travel in the Region which, although improving, is still significantly below pre-COVID levels at a little over 50%. With the end of the academic year and the start of the summer holiday period, passenger numbers are not expected to increase significantly until September.
- 1.2 During the pandemic, local transport networks have been supported through a combination of both local and central government support and whilst arrangements are likely to continue until the end of the financial year, longer-term support is uncertain. As an example, the recently announced extension of light rail funding makes clear this will end in March 2022, at a point where patronage is forecast to remain below pre-COVID levels.
- 1.3 As well as the impact on transport services, reduced passenger numbers reflect the wider impacts on the local economy, with fewer journeys being made to local retail and leisure amenities and associated discretionary spend passengers make in local businesses.
- 1.4 In March this year, the MCA took the decision to support young people who, by many estimates, will be hardest hit by the impacts of COVID, by extending the young persons' travel concession to include all 18-21-year olds. Since launch at the end of June, take up has been positive with over 2,000 passes and 10,000 journeys having been made and a further 12,000 passes going live from the beginning of August.
- 1.5 Building on the impact of this intervention, there is an opportunity to extend support to more people as they begin to resume their normal lives; whether by returning to their normal place of work; going to bars, restaurants and shops, or by visiting the many leisure activities that will be running across the summer months. This will support the need to generate additional footfall and trips to our town and city centres and support summer event activities planned.

## **2. Key Issues**

- 2.1 The implementation of restrictions during the pandemic has resulted in a significant impact on the number of passengers travelling on local transport networks. This reduced activity is reflected more widely in the impact on the local economy with fewer journeys being made to employment, retail and leisure opportunities.
- 2.2 Whilst passenger numbers have increased as restrictions have eased, this increase has now plateaued with the most recent roadmap changes resulting in no significant increase in the number of journeys made.
- 2.3 Although transport networks have been supported by both local and central government through the course of the pandemic, there are clear signs that this support will be reducing. It is vital that passenger numbers recover swiftly to ensure the future viability of services and to support more environmentally sustainable travel choices.

### **3. Options Considered and Recommended Proposal**

#### **3.1 Option 1**

TravelMaster are launching a “Flexi-5” carnet (flexible ticketing) which will allow five days of non-consecutive travel within a month of first use. The commercial pricing policy plans to introduce this at the equivalent price of four days of travel for the price of five.

As a product launch discount, it is proposed to subsidise this further to price the products at the equivalent of five days for the price of three, broadly the equivalent to a 25% discount on the commercial price.

#### **3.2 Option 1 Risks and Mitigations**

This option would meet an emerging need for passengers who travel regularly, but for whom weekly or longer-term products are not cost-effective. In particular, this would be attractive to passengers who will be returning to work on a flexible basis, reflecting a change in working patterns post COVID.

Whilst this would be a timely benefit, given the recent removal of restrictions, it would be attractive to a relatively small number of passengers.

#### **3.3 Option 2**

Offer a short-term (8-week) discount, with the support of the regional ticketing company, TravelMaster, across their range of products including the new, ‘Flexi-5’ product described in Option 1.

This would see all TravelMaster products discounted by 25% ensuring the widest possible spread of support for passengers. This would include 1-day, 5-day, 28-day and annual ticket products.

In order to ensure the necessary technical and promotional activities it is proposed that the discount would apply from early August and run through September, capturing both the summer holidays and the initial return to work, schools, colleges, and Universities in September.

#### **3.4 Option 2 Risks and Mitigations**

The short timescales for implementation may mean some potential passengers are unaware of the offer.

Updating the range of retailing channels will take some time to implement and will require the co-ordination of various stakeholders including transport operators, TravelMaster and SYPTE. We are seeking urgent clarification of these lead in times to allow us to confirm a formal go-live date.

Implementing the discount from early August should allow time to rollout the necessary changes to retail channels and deliver a prominent communications and marketing campaign to promote the offer.

### 3.5 **Option 3**

Do nothing. We could continue to allow the operators to charge their existing commercial fares on TravelMaster products and launch the Flexi-5 product as planned without any kind of promotional launch discount.

### 3.6 **Option 3 Risks and Mitigations**

This option provides no benefit or incentive to passengers to return to public transport nor does it encourage greater trips and hence footfall into our town and city centres. There are few mitigations available to this outside of other options suggested in this paper.

### 3.7 **Recommended Option**

That Members consider the options outlined and determine which if any of these should be pursued.

## 4. **Consultation on Proposal**

4.1 No specific stakeholder consultations have been undertaken in the preparation of this proposal.

## 5. **Timetable and Accountability for Implementing this Decision:**

5.1 Should the recommended option be approved, the intention is to implement the discount at the earliest opportunity with TravelMaster. As noted in 3.4 above, we plan to launch the discount in early August.

## 6. **Financial and Procurement Implications and Advice**

6.1 This report proposes two separate, but related investments aimed at priming public transport patronage. In so doing, it is hoped that this investment will support the overall future commercial sustainability of the network and in-turn reduce the requirement for MCA subsidy.

The costs of the proposals are forecast at £0.46m:

- Flexi 5 @ £60k
- Travel Master discount @ £0.40m

6.2 The costing of these proposals is problematic given ongoing disruption. A prudent approach has been adopted based on the equivalent pre-Covid sales for the period. This is adjusted for current levels of patronage (and hence sales) with the aforementioned 25% discount, giving a total eight-week cost estimate of £0.46m.

6.3 The assumptions made for this forecast cost are limited by the uncertainty prevailing within the wider environment and will be impacted by both government actions and passenger sentiment. The return to the workplace of office-based staff and the return to pre-pandemic retail habits will all impact on the overall demand.

6.4 The proposals within this paper do not cap the total cost that may be incurred and may exceed the forecast if demand is higher than assumed. Equally, if demand for the discounted products falls below forecast the cost of the subsidy required will be lower.



- 6.5 The investment proposals contained within this paper are not budgeted for within the base budget, nor the Revision 1 budget prepared after the first quarter of the financial year. At present the MCA Group's transport revenue budget is forecast to break even. This forecast is sensitive to a number of issues largely outside the MCA's control including the potential for savings to accrue from lower than forecast demand on the new 18-21 concession, and cost pressures that may emerge as the details of government's proposed support packages for tram and bus emerge.
- 6.6 To support the proposals this report proposes that the costs of the Flexi-5 product (£60k) be met from budget reorganisation, with some planned activity reduced, displaced and/or deferred.
- 6.7 At present, the costs of the Travel Master discount cannot be absorbed without the displacement of other priorities. This report proposes that should this investment be approved the forecasts be underwritten from the MCA's revenue 'Protection of Priority Services' reserve (£7m). This reserve is held to support the transition of the transport network from the current heavily subsidised environment to a commercially sustainable network, ensuring that the MCA has some means of intervening in the network to buy-back commercially unviable priority services should they be withdrawn by operators.
- 6.8 Should this proposal prime a return of fare-paying patronage, it stands that this would be a proactive use of the reserve that would obviate the need for more expensive reactive measures. It should be noted, however, that deploying reserves in this manner will reduce the MCA's overall financial resilience to future events.
- 6.9 As the financial year progresses and greater clarity is received on the scale and longevity of government's commitment to operator subsidy, there may be opportunities to further vary the budget to redeploy budgeted resource and savings to the proposal and thus reduce the requirement for reserve contributions. This issue will be revisited at the mid-year mark, by which point there will be greater certainty on these issues, and in particular around demand for the 18-21 concession.

## **7. Legal Implications and Advice**

- 7.1 The MCA and PTE have general powers of competence as set out in the Localism Act 2011. A commercial agreement with TravelMaster Limited will be required to regulate the payments made to compensate it for lost sales revenue.

## **8. Human Resources Implications and Advice**

- 8.1 There are no Human Resources implications as a result of this paper.

## **9. Equality and Diversity Implications and Advice**

- 9.1 There are no Equality and Diversity implications as a result of this paper.

## **10. Climate Change Implications and Advice**

- 10.1 There are no direct Climate Change implications as a result of this paper, though you should note that any activity which encourages greater use of public transport compared to trips made by private car would have a positive effect on emissions.

## **11. Information and Communication Technology Implications and Advice**

11.1 There are no ICT implications as a result of this paper.

## **12. Communications and Marketing Implications and Advice**

12.1 As described in the risks and issues above, a strong communications plan is required to ensure that the temporary promotional discount is understood to be only in place for eight weeks by customers. We have to ensure that there is no criticism that the return to commercial fares is seen as a fare rise by passengers or that the discount could be sustained for a longer period of time.

In order to encourage uptake we will also require a strong marketing plan to raise the level of awareness with members of the public of its existence and also use partners to support messaging to direct customers to the offer and make use of the discount to make new and additional trips on public transport during the period concerned.