

Transport and the Environment Board

Thursday, 15 December 2022

Rail travel for Senior ENCTS passholders in South Yorkshire

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Policy Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan of Key Decisions?	Yes

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Executive Summary

This report provides the Transport and the Environment Board (TEB) with the options, costs and recommendations relating to free rail travel for Senior English National Concessionary Travel Scheme (ENCTS) passholder's resident in South Yorkshire.

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

Around 230,000 residents over state pension age in South Yorkshire would benefit from free rail travel compared to the existing 50% discount. More trips taken by train rather than car would see fewer cars on the road and a reduction in carbon emissions.

Recommendations

It is recommended that TEB members:

1. Review the content of the report and discuss the risks and benefits to the options presented.
2. Support the recommendation that there is no change to the present rail offer for ENCTS passholders.

3. Support the recommendation that SYMCA continue to engage with train operating companies (TOC's) and the Department for Transport (DFT), as well as seeking support from Northern Mayors to lobby for TOC's to consider options for a cost-neutral Goldcard scheme.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

1.1 The English National Concessionary Scheme is a government mandated statutory scheme that enables senior citizens over state pension age and those with an eligible disability to travel on the bus for free between 09:30am and 11pm weekdays and all day weekends and bank holidays, with further discretion at a local level.

1.2 In 2006 the South Yorkshire Passenger Transport Executive (SYPTTE) introduced additional benefits over and above the statutory scheme which entitled passholders of ENCTS passes (Senior and Mobility) to travel on the tram and trains for free in the region, with some cross-border trips into West Yorkshire also permitted.

1.3 In April 2014 in response to significant budgetary pressures created as part of the Government's austerity programme, SYPTTE removed the additional entitlement for Senior ENCTS passholders to travel for free on the train and implemented a half fare train travel concession.

1.4 Since 2014 there has been a continued campaign calling for the reinstatement of the Senior ENCTS free train travel offer. Local campaigners have requested that SYMCA revisit their decision; or as an alternative consider implementing something akin to a Goldcard scheme in Tyne & Wear where ENCTS Senior passholders can pay £12 a year (for local residents) and benefit from free travel on the Metro, ferry and on Northern rail services travelling between Newcastle and Sunderland. This has been proposed in the belief that the scheme would be cost neutral.

1.5 The table below shows the concessions made available pre and post 2014

Current concession on trains		
Concession	Fare paid	Validity
Senior	Half fare	09:30 – 23:00 weekdays, all day weekends and Bank Holidays
Mobility	Free travel	All day In South Yorkshire and across the West Yorkshire boundary
Pre-April 2014 concession on trains		
Concession	Fare paid	Validity
Senior	Free travel	09:30 – 23:00 weekdays, all day weekends and Bank Holidays

		In South Yorkshire and across the West Yorkshire Boundary
Concession	Fare paid	Validity
Mobility	Free travel	All day In South Yorkshire and across the West Yorkshire boundary

1.6 For every public transport journey made in South Yorkshire by an ENCTS (Senior & Mobility) passholder SYMCA pays the operator a revenue forgone payment. Revenue forgone is *the reimbursement of fares that operators would have received from concessionary journeys that would have been made in the absence of the scheme.*

2. Key Issues

2.1 Comparing South Yorkshire with other Regions.

The campaign group contrast the offering in South Yorkshire to other areas, noting that in the West Midlands and Merseyside Senior ENCTS travel for free, whereas in Greater Manchester and Tyne and Wear ENCTS passholders can pay an annual fee to benefit from free train travel.

This mixed customer offer across city regions is a result of:

- Who takes the revenue risk for the tram or light rail system.
- The make-up of local transport trips e.g., % of trips made by bus versus tram, train or ferry.
- Ringfenced budgets.

The Tyne and Wear Goldcard scheme has been described as “self-funding”, however the majority of Goldcard journeys in Tyne and Wear are made on their light rail Metro network. Because the combined authority in the North East takes the revenue risk on the Metro system (i.e. it covers the cost of operation and retains collected fares), the income generated from the Goldcard scheme simply needs to cover the cost of reimbursing for ferry trips and train travel on Northern rail between Newcastle and Sunderland covering just 3 stations, in comparison to 32 train stations in South Yorkshire.

Please see appendix A for a full comparison of the offering and variations across city regions.

2.2 Customer research

Given the rationale behind a Goldcard scheme is cost neutrality, SYMCA completed a market research exercise earlier in 2022 to explore older people’s appetite to purchase an annual pass giving them access to travel on local trains for no additional fare and the additional number of trips owning such a card would generate. Annual prices of £10 and £20 were considered as part of the market research.

A total of 401 surveys were completed by residents aged 66 and above in transport interchanges and railway stations across the four Local Authority areas. The survey sought to understand what proportion of Senior ENCTS cardholders would be willing to purchase such a product (at either £10 or £20), how pricing would impact uptake and how such a scheme would increase the number of personal journeys they would make in a year.

The survey revealed that Senior ENCTS cardholders would be very supportive of a Goldcard scheme. 36% of those interviewed reported that they would purchase a Goldcard at a £20 annual price, with double that proportion (72%) saying they would do so at £10.

The survey also revealed that such a scheme could generate an increase in weekly journey undertaken. For the 72% of respondents who would purchase the Goldcard at £10, their weekly journeys would increase by 121%.

For the 36% who would purchase the Goldcard at £20 journey numbers would increase by 68%.

Please see Appendix B for a copy of the market research results.

2.3

Scheme Costs

Using the survey data 'as is' to calculate a cost for such a scheme, the journey numbers cited by respondents in the survey were scaled up to reflect the eligible population within South Yorkshire.

Those willing to purchase a £10 Goldcard reported they would take 36 million journeys per year, with those willing to purchase a £20 Goldcard reported taking 14 million journeys per year.

We should take these levels of trip generation with extreme caution as it is highly unlikely that the frequency of trips being made (around 4 trips per week per pass holder) would occur. There is no wider supporting evidence or research that this number of journeys would be made, with over 36 million additional trips made by Senior ENCTS pass holders per year on rail on cards priced at £10. The additional cost of such a scheme would be (on face value) approaching £45m per year and even at £20, costs would be £17.8m per year.

In order to scale down the levels of trip generation, SYMCA therefore applied a de-escalation factor of 10 to the number of trips made per year for each price point. This approach brought the range of trips made down to a more likely level of 3.6 million trips per year at £10 and 1.4m trips at the £20 price point.

However, taking into account income generated by the sale of the card, the scheme would still cost SYMCA around £2.87m per year priced at £10 and £188k priced at £20.

3. **Options Considered and Recommended Proposal**

3.1 **Option 1**

Introduce a paid for annual product to entitle Senior ENCTS cardholders free train travel in South Yorkshire at a potential cost of £10 per year.

3.2 **Option 1 Risks and Mitigations**

The primary risk associated with implementing a Goldcard priced at £10 in South Yorkshire is the revenue cost of operating the scheme. Assuming a deflated rate of use as set out in 2.3 above, the net cost of the scheme would still be around £2.87m per year. Furthermore, there is no means of SYMCA capping uptake or trip use, so if passengers were to use the scheme more frequently then costs would rapidly increase. Any costs associated with the scheme are unfunded.

Implementing such a scheme would also require operators to be willing and able to participate. There remain technical challenges in implementing such a scheme with Northern Rail (the primary operator in our region) as well as a commercial reluctance to participate given it would generate additional trips which would impact on capacity and their ability to benefit from other fare paying passengers.

3.3 **Option 2**

Introduce a paid for annual product to entitle Senior ENCTS cardholders free train travel in South Yorkshire at a potential cost of £20 per year.

3.4 **Option 2 Risks and Mitigations**

The primary risk associated with implementing a Goldcard priced at £20 in South Yorkshire is the revenue cost of operating the scheme. Assuming a deflated rate of use as set out in 2.3 above, the net cost of the scheme would still be around £188k per year. Furthermore, there is no means of SYMCA capping uptake or trip use, so if passengers were to use the scheme more frequently then costs would rapidly increase. Any costs associated with the scheme are unfunded.

Implementing such a scheme would also require operators to be willing and able to participate. There remain technical challenges in implementing such a scheme with Northern Rail (the primary operator in our region) as well as a commercial reluctance to participate given it would generate additional trips which would impact on capacity and their ability to benefit from other fare paying passengers.

3.5 **Option 3**

Retain the current entitlement of half fare rail journeys for elderly ENCTS pass holders in South Yorkshire.

3.6 **Option 3 Risks and Mitigations**

Whilst this option retains the current policy position and therefore has no financial consequences in terms of affordability, the option is likely to encourage continued pressure from local interest groups.

Senior ENCTS passholders would continue to benefit from free bus and tram travel in South Yorkshire in line with the national requirements of the scheme.

SYMCA recognises the benefits that implementing a cost neutral Goldcard type scheme would offer Senior ENCTS passholders. It is therefore recommended that SYMCA continue to engage with train operating companies (TOC's) and the Department for Transport (DFT), as well as seeking support from Northern Mayors to lobby for TOC's to accept participation in a Goldcard scheme.

3.7 **Recommended Option**

Option 3

4. **Consultation on Proposal**

4.1 As set out in 2.2, a public market research activity was undertaken in early 2022 which sought the views 401 members of the public who would otherwise be eligible for a Goldcard and the results of this activity were used to model and inform both the potential costs of the scheme and hence the affordability.

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

5.1 Assuming the recommendation is supported, there is no requirement to amend the existing policy position nor implement any technical changes to the way in which current ENCTS passholders access half fare tickets on the railway.

5.2 Where an alternative option selected, it is anticipated to take between 12 and 18 months to implement the scheme. This includes, but is not limited to:

- Undertaking the formal policy changes and approval by SYMCA (including budget implications).
- Negotiations with train operating companies on the reimbursement approach.
- Development of the technical changes to the existing cards to allow a Goldcard option to be added.
- IT changes to systems to allow purchasers of the Goldcard to apply online and pay for the premium to be added to their card.
- Technical changes to train operating companies to recognise (and hence seek reimbursement for) each trip made.
- Marketing and promotion of the launch of the concession enhancement.

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

6.1 The main financial implications of options 1 & 2 are set out in paragraph 2.3 (Scheme Costs). Ancillary management and administration costs would also be incurred in dealing with pass applications (as exemplified in section 12).

6.2 There is currently no identified budget within SYMCA to cover the cost of the scheme at either price point of £10 or £20. SYMCA also faces significant budget pressures in future years including maintaining an adequate bus network which would continue to allow ENCTS pass holders free travel regionally.

6.3 The primary financial risk is that, due to the uncertainty of future demand for this pass, and without any obvious means of capping that demand, the Authority would be exposed to significant budgetary pressure. There is no immediate financial mitigation to cover this pressure. Under the current reserves strategy, all earmarked reserves have already been prioritised toward the protection of priority bus services.

7. **Legal Implications and Advice**

7.1 The MCA has discretionary powers to provide non-statutory travel concessions, but no obligation to do so. A decision to introduce a new travel concession would need to be approved by the MCA Board.

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 The report does not propose cutting any concessions being offered. It could be that providing free travel to senior ENCTS would allow more eligible passholders to use trains services and Members should have due regard to the positive equality implication that reducing the fares may have. It is for Members to determine the weight to be given to the various factors that inform the decision, including equality impacts and the legal duty under section 149 Equality Act 2010.

10. Climate Change Implications and Advice

10.1 N/A

11. Information and Communication Technology Implications and Advice

11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 Any decision will result in media interest and a handling plan will be prepared for each eventuality.

12.2 Adding a 'senior railcard' could cause confusion due to the differences on its acceptance, discount and times of use in comparison to the statutory ENCTS pass. There are also national senior railcard schemes which could cause more misunderstanding.

12.3 If it were to be adopted, we would have to consider the following:

- Budget and resource for website development to create promotion and signup mechanisms.
- Budget and resource to add a retail function to the website to handle payments plus the ongoing management and development of this feature.
- Increase in queries and applications (digital and paper) through the contact centre.
- Budget and resource to design and deploy a multi-channel marketing strategy to launch the product and grow sales and usage, plus ongoing marketing and communication activities.

List of Appendices Included:

A Comparison of combined authority areas
B Goldcard research results Feb Mar 2022

Background Papers

None