

Transport and the Environment Board

30 March 2023

Extension to the £2 Fare Cap on Tram

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

Director Approving Submission of the Report:

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Executive Summary

This report provides details to allow the Transport and Environment Board to approve an extension of the £2 fare cap on tram aligned to the national extension for bus in place to end of June 2023.

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

The £2 fare cap on tram provides users of the network support in reducing fares during a cost-of-living crisis. It provides a means to encourage a further return to public transport following the Covid-19 pandemic, with patronage still below pre-Covid levels and ensures that there is parity between fare caps on the two primary modes in South Yorkshire; bus and tram.

Recommendations

It is recommended that Transport and Environment Board members:

1. Approve the extension of the £2 fare cap on tram consistent with the timescales of the national bus scheme to 30 June 2023.
2. Acknowledge the benefits to passengers in reducing their expenditure during a cost-of-living crisis and the wider attractiveness of tram as a choice of travel with reduced fares.
3. Recognise that applying the £2 fare cap to bus only would risk distorting passenger choice and disadvantaging tram with respect to bus with possible knock on implications for tram recovery which will become a SYMCA issue from March 2024.
4. Request that a further evaluation of the success of the scheme on bus and tram be conducted once the scheme ends.

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

None

1. Background

- 1.1 In October 2022, SYMCA took the decision to fund its own scheme to subsidise bus and tram fares with a maximum single fare for adults of no more than £2. The scheme was introduced on 1 November and ran until 31 December at which point the national £2 bus fare cap scheme, funded by DfT commenced.

SYMCA decided to fund the application of the national fare cap on to tram to end of March recognising that the nationally funded DfT scheme was restricted to bus only.

- 1.2 This national scheme was originally expected to end on 31 March 2023. However, recognising the need for further support to the bus sector, DfT announced on 17 February that the £2 bus fare cap scheme would be extended for a further three months to 30 June 2023.
- 1.3 With the extension of the bus scheme, a decision is required on whether to fund the £2 tram fare cap for a further three months.
- 1.4 Over 775,000 passengers have benefited from the fare cap on tram and by the end of March 2023 we expect this total to have surpassed 1 million trips.

2. Key Issues

- 2.1 The latest funding extension by DfT means that whilst a national £2 fare cap for bus remains fully funded by government, the scheme has never provided any funding for light rail systems and as such, any choice to apply the same cap on the South Yorkshire light rail system must be made and funded locally.
- 2.2 There remains uncertainty on the likelihood of DfT extending again the bus fare cap on or before it is currently due to end on 30 June and should this occur, a decision would need to be taken on any further extension.
- 2.3 South Yorkshire is currently the only light rail system which has chosen to extend and fund at its own expense the fare cap on tram to match that on bus. All other

systems (such as Manchester, Nottingham and Tyne and Wear) continue to operate with their ordinary single fare structures.

- 2.4 The initial findings from an evaluation of the first two months of the fare cap scheme on tram in South Yorkshire (November and December 2022) indicated some positive signs of growth and greater than forecast uptake, with growth of tram ticket fare cap sales of 33% over the first four weeks of the scheme (though a proportion of this can be attributed to people switching from period products), and 5% growth between month one and two (November and December 2022).
- 2.5 Whilst this growth is encouraging, a more detailed analysis of the scheme impact is necessary, and it is therefore recommended that a full evaluation be conducted across bus and tram once the schemes come to an end.

3. Options Considered and Recommended Proposal

3.1 Option 1

Fund the extension of the £2 fare cap on tram to 30 June 2023.

3.2 Option 1 Risks and Mitigations

There is a possibility that DfT further extend the bus fare cap funding beyond the end of June 2023, and if so, there is a risk that we will then be expected again to extend the £2 fare cap on tram to match the duration of whatever extension DfT put in place on bus. There are currently no identified funding sources for such a further extension beyond the end of June.

3.3 Option 2

Do not approve the extension of the £2 fare cap on tram and have the current arrangements end on 31 March as planned.

3.4 Option 2 Risks and Mitigations

With the extension of bus fare cap funding, and difference in duration of such a scheme between bus and tram, with tram fare cap ending early, would be seen to be targeting and detrimental to passengers who rely on the tram network relative to those who are able to use the bus network as an alternative.

Doing so would also distort the market, with possibly detrimental consequences for tram recovery, which will ultimately become an SYMCA issue post-March 2024.

3.5 Recommended Option

Option 1

4. Consultation on Proposal

- 4.1 The Mayor has briefed and consulted on this proposal with the Local Authority Leaders and no objections were expressed, and in doing so, supported the principle of an extension.

5. Timetable and Accountability for Implementing this Decision

- 5.1 As outlined above, the proposed extension of the scheme would operate from 1 April to 30 June 2023 and confirmation of the extension to passengers would be undertaken as soon as possible after the approval of this paper.

6. Financial and Procurement Implications and Advice

- 6.1 The funding to cover the additional costs incurred as a result of the recommendation are proposed to be taken from unused recovery funding and the balance of the remainder of the “cost of living” fund established in 2022. Based on current forecasts using latest patronage and tram fare cap data, this is not expected to exceed £500k for the period 1 April to 30 June 2023.

7. Legal Implications and Advice

- 7.1 The Combined Authority has general powers of competence that allow the MCA to provide the concessionary fare for passengers. Agreement will be required with South Yorkshire Supertram Limited to formalise the reimbursement for revenue foregone.

8. Human Resources Implications and Advice

- 8.1 Not applicable for this paper.

9. Equality and Diversity Implications and Advice

- 9.1 Click or tap here to enter text.

10. Climate Change Implications and Advice

- 10.1 Not applicable for this paper.

11. Information and Communication Technology Implications and Advice

- 11.1 Not applicable for this paper.

12. Communications and Marketing Implications and Advice

- 12.1 It is essential that passengers are made aware with sufficient notice that the £2 fare cap on tram is continuing to 30 June to allow them to make informed decisions about ticket choices and travel plans. The current arrangement expires on 30 March 2023, so confirmation and communication of the decision needs to be made as far ahead of this date as is reasonably possible.
- 12.2 In the event of the £2 fare cap on tram not being approved, the communication and rationale as to why this has not been extended in line with bus would need careful consideration and is likely to attract public criticism.

List of Appendices Included

None.

Background Papers

None.