

Overview and Scrutiny Committee

Thursday, 14 March 2024

Summary of impact of £2 Fare Cap

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

Director Approving Submission of the Report:

Pat Beijer, Interim Executive Director of Public Transport.

Report Author(s):

Tim Taylor, Director of Public Transport Operations.

Suzanne Hutchinson, Head of Commercial Development

tim.taylor@southyorkshire-ca.gov.uk

suzanne.hutchinson@SouthYorkshire-CA.gov.uk

Executive Summary

The South Yorkshire Mayoral Combined Authority implemented a fare cap initiative in 2022 which provided benefit to those who are regular users of the bus and tram network. This fares initiative looked to significantly discount and simplify the single fares paid by passengers, and in turn both encouraging patronage growth and to assist with affordability during a cost-of-living crisis.

This paper sets out the latest research and findings of this initiative, and the relative success it has had in achieving its aims. It also provides recommendations on next steps.

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

An effective bus and tram network is essential for the region to allow residents to access employment, education, healthcare and other services. It is central to support our communities,

economic plans and our regional growth ambitions.

SYMCA has choices on the use of discretionary concessions for specific customer groups access to discounted travel on the public transport network, thereby allowing them to also access employment, education, healthcare and other services which might not otherwise be affordable.

Recommendations

That the OSC members:

1. Recognise the benefits of the local and national £2 bus fare cap and the locally funded £2.80 tram fare cap.
2. Support the need for further market research into the fare cap on bus and tram in Autumn 2024.
3. Endorse the need to agree an exit strategy for the national £2 bus fare cap when it ends on 31 December 2024, and the tram fare cap which is due to end on 30 November 2024.

1. Background

1.3 As part of wider policy choice discussions about supporting public transport, SYMCA took the decision in September 2022 to introduce a fare cap on bus and tram, starting from 1 November 2022. This capped all adult single fares across bus and tram at no more than £2.

1.4 The bus fare cap was funded by SYMCA for two months through to 1 January 2023, at which point DfT assumed responsibility as part of a national fare cap scheme which was originally only intended to run to the end of March 2023 but was further extended until 31 December 2024.

1.5 Because there is no national fare cap scheme for light rail, SYMCA initially took the decision to fund the regional tram fare cap at £2 from 1 November 2022 until 31 March 2023. However, this was further extended to November 2024 to better align with the extension to the national bus fare cap scheme.

Policy Changes

1.6 As a result of wider budget pressures and the need to protect vital socially necessary bus services, the difficult decision was taken by SYMCA on 31 July 2023 to increase the tram fare cap from £2 to £2.80 (on the assumption that the national bus fare cap would rise to £2.50 from 1 November 2023 but subsequently held at £2), as well as increase the under-18 child notified fare from 80p to £1. Both of these fare changes came into effect on 01 November 2023.

A summary of the key milestones associated with the changes can be seen below.

1.7

Date	Activity / decision	
	Bus	Tram
01 November 2022	SYMCA launches local bus £2 fare cap to run until 31 December 2023	SYMCA launches tram £2 fare cap to run until 31 March

	(when the national bus fare cap started).	2023 (to align with national bus fare cap).
01 January 2023	National bus fare cap launched to run until 31 March 2023.	
17 February 2023	DfT announces an extension to the national bus £2 fare cap to 30 June 2023.	
30 March 2023		SYMCA Transport and Environment Board agreed to extend the tram £2 fare cap to align with national bus fare cap until 30 June 2023.
17 May 2023	DfT announces further extension of £2 fare cap to 31 October 2023 when a £2.50 bus fare cap will be introduced until 30 November 2024.	
31 July 2023		SYMCA Board agree to continue the tram fare cap to align with the national bus fare cap extension and to increase the fare cap on tram to £2.80 from 01 November 2023 until 30 November 2024 in line with DfT's proposal to increase the bus fare cap to £2.50.
04 October 2023	At the Conservative party conference, announcement that the increase to £2.50 will not happen and the £2 bus fare cap will be retained from 01 November 2023 and that the scheme will run until 31 December 2024.	
01 November 2023		Tram fare cap increases to £2.80, whilst bus fare cap remains at £2.

2. Key Issues

- 2.1 Given that SYMCA has committed around £0.9m to support the locally funded bus fare cap and to date almost £2.2m on the tram fare cap, it is important to evaluate and understand the benefits and outcomes these schemes have generated.
-

2.3 Market research was commissioned in summer 2023 to evaluate passenger awareness and response to the £2 fare cap on bus and tram and field work took place between 09 September and 26 September 2023 inclusive.

£2 Fare Cap Key Findings

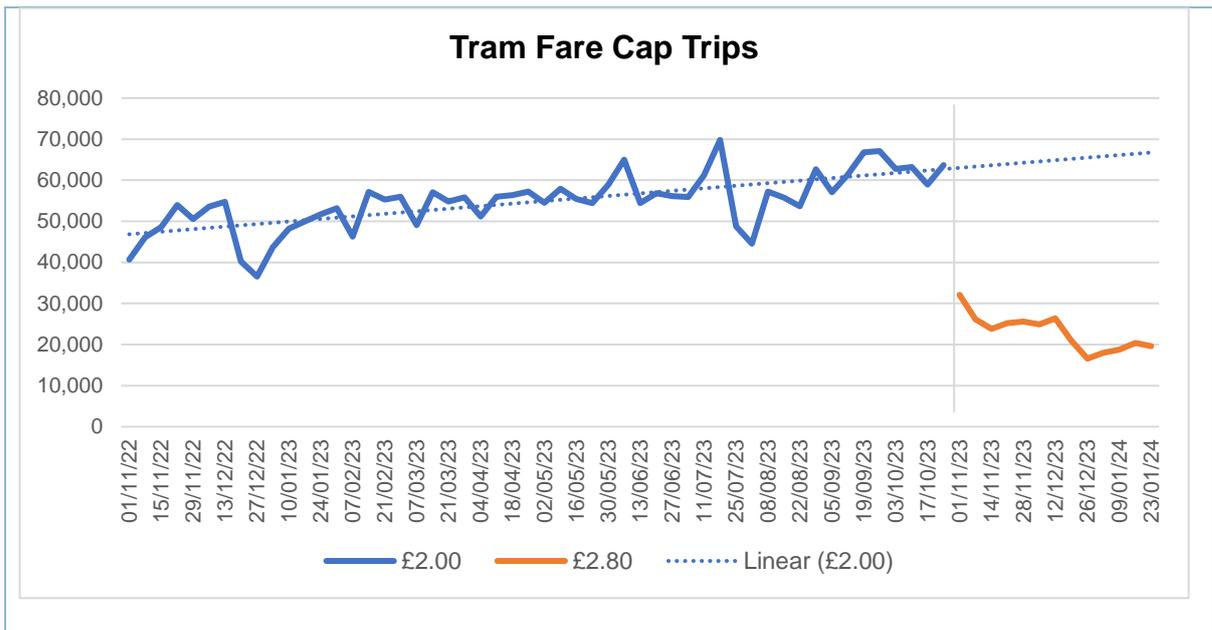
2.7 Whilst SYMCA funded the bus fare cap from 1 November 2022 to 31 December 2022, a total of 1.9m trips were made on bus at a cost of £884,000.

From 1 January 2023, the cost of reimbursement and hence tracking of bus trip volumes has passed to DfT. We therefore do not have access to the fare cap data for South Yorkshire operators beyond this date.

On tram, we have to date seen a total of 5.13m fare cap trips on the network, saving pass holders around £3.7m in direct costs. In total, SYMCA have so far paid fare cap reimbursement to Supertram of almost £2.2m.

The tram fare cap, initially set at £2 increased to £2.80 on 1 November 2023, which has significantly decreased the number of trips subject to a cap, as the existing £2.40 short-distance single fare is now below the new capped rate. Only the long-distance single fare is now capped from £3.20 to £2.80.

2.8



2.9 Awareness of the fare cap still needs to improve. Overall, 42% are fully aware of the £2 single fare cap on buses, 6% somewhat aware and 52% are not at all aware. 59% of bus users are fully aware and 6% somewhat aware, compared with 28% of non-bus users that are fully aware and 5% somewhat aware.

Eligible bus users that now opt for the £2 single journey fare are saving on average between 10p and 58p per journey, while eligible tram users are saving between 45p and £1.13 per journey.

Across both bus and tram users, 15 out of 28 respondents said that they now make journeys by bus or tram that they previously made with other forms of transport and as a result of the £2 fare cap they have saved money (this

represents about 2.5% of respondents). The savings made since the introduction of the fare range from £8 to £500 per person, with an average of £115 per person.

There is a net increase in bus use amongst those that mostly opt for the £2 single fare cap for their journeys by bus (net increase of 4% amongst eligible bus users compared to an overall net decrease in bus use of 5%).

Whilst the majority of eligible bus and tram users are opting for the £2 single journey capped ticket for most of their journeys, there are opportunities to increase awareness of the ticket, which may increase use.

- 2.10 There is emerging evidence of the £2 single journey capped ticket having a positive impact on the amount spent on bus and tram journeys, and therefore the cost of living for those that use these services.

Overall, respondents are more likely to say they are now more satisfied with bus services as a result of the fare cap, than are less satisfied – 18% are at least slightly more satisfied compared with 1% slightly less satisfied.

There is some evidence of minor behaviour change in the form of more journeys, new users and modal shift amongst bus and tram users eligible and using the £2 single journey capped ticket.

The £2 single fare capped ticket is having a positive impact on quality of life, access to services and the perceptions of bus services, especially amongst bus and tram users.

Underlying this, certain groups are likely to benefit more than others as they are more likely to be bus and tram users – for example, women, disabled residents, residents from lower social grades, unemployed residents, residents without access to a car, and non-White British residents.

3. Options Considered and Recommended Proposal

3.1 Option 1

- 3.2 Undertake a final piece of market research in Autumn 2024 to further validate the benefits identified thus far from the fare cap on both bus and tram in South Yorkshire. This can then be benchmarked against national evaluation expected to be conducted by DfT, assumed to be taking place in early 2025.

- 3.4 Commence a piece of work from April 2024 to agree as a minimum across South Yorkshire a controlled exit strategy from the £2 fare cap assuming it ends at the end of December 2024. This should be done through the bus Enhanced Partnership, chaired by the South Yorkshire Mayor.

- 3.5 Undertake further marketing and promotional work to raise the awareness of the £2 fare cap as over half (52%) of people unaware of the fare cap being in place.

3.7 Option 1 Risks and Mitigations

3.9 As the £2 bus fare cap is a government-led initiative, we no longer have direct access to uptake and utilisation data. We will work with DfT and Transport Focus to understand what level of data we can ascertain at a regional and local level.

3.10 **Option 2**

3.11 Do nothing, undertake no further evaluation of the national or regional schemes.

3.12 **Option 2 Risks and Mitigations**

If we do nothing, we will have limited understanding of the full impact of the two schemes and we will accept the findings and outcomes laid out in this paper and the results of the survey data carried out to date as the only information available to assess their success.

3.13 **Recommended Option**

Option 1.

4. **Consultation on Proposal**

4.1 Not applicable.

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

5.1 In April 2024, SYMCA plan to begin preparing an exit strategy for the end of the £2 fare cap on bus in readiness for the end of December 2024 (the timing of which is set by Government). In addition to this, a decision on the approach for the tram fare cap (planned to end at the end of November 2024) is also required, noting that the day-to-day operation of the service will be undertaken by South Yorkshire Future Trams Limited, a subsidiary of SYMCA by this time.

In Autumn 2024 SYMCA also plan to carry out further market research to provide another means of benchmarking the benefits of the bus and tram fare cap and to allow this to be compared to any national evaluation undertaken on the bus fare cap.

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

6.1 Should the recommended approach be support, some further promotion of £2 fare cap will be required in 2024/25. The costs of this will be incorporated in to the 2024/25 revenue budget and follow the usual procurement processes required.

7. **Legal Implications and Advice**

7.1 Not applicable. The tram £2 fare cap concession is not operated under the concessionary travel scheme.

8. **Human Resources Implications and Advice**

8.1 Not applicable.

9. Equality and Diversity Implications and Advice

9.1 Not applicable.

10. Climate Change Implications and Advice

10.1 Not applicable.

11. Information and Communication Technology Implications and Advice

11.1 Not applicable.

12. Communications and Marketing Implications and Advice

12.1 It is recommended that SYMCA support the further promotion of £2 and £2.80 fare cap through marketing and communication campaign activity. The Bus Enhanced Partnership is considering using a proportion of its available marketing budget to promote the £2 fare cap, though at the time of writing this has yet to be confirmed.

List of Appendices Included

A **SYMCA £2 Fare Travel Survey October 2023.**

SYMCA 2 Fare Travel
Survey - Report FINAL