## Flexible seasons updated analysis

### Introduction

[redacted]

| [redacted] | [redacted] | [redacted] | [redacted] |
|---|---|---|---|
| [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] |
| [redacted] | [redacted] | [redacted] | [redacted] |

[redacted]

The figures presented in this note are estimates which will be refined based on actual data recorded during the evaluation process. The plan is to formally review the policy one year after launch, which is why this note focuses on the impact in the first year only.

[redacted]

| [redacted] | [redacted] |
|---|---|
| [redacted] | [redacted] |
| [redacted] | [redacted] |
| [redacted] | [redacted] |

[redacted]

[redacted]

3. Amending pricing formula to address issue 1

The pricing formula in the model has been adjusted to ensure the price of a flexible season ticket bundle is at least 20% cheaper than the equivalent monthly season ticket. This increases the 1st year nominal revenue impact to approximately -£8.3m.

4. Amending the pricing formula to address issue 2

The pricing formula in the model has been adjusted to ensure the per journey flexible season ticket price provides a minimum discount of 5% against the ADR. The impact of this change is very minor and is a result of the selection of the 300 sample routes which the analysis is based on. Across the 300 sample of routes, the per journey flexible season ticket price is mostly already discounted by greater than 5% relative to the ADR. This means this pricing

amendment was partially captured already in our revenue impact figure shared in late 2020. Sample selection is a limitation of this analysis which is further explained in the analytical assurance statement.

**Table 3 – Updated analysis factoring in amendments to pricing formula**

| Updated Flexi-seasons analysis | Estimated 1st year impact |
|---|---|
| Additional journeys (elasticity effect) | 1.1m |
| Nominal Revenue impact | -£8.3m |
| ncrease in Journeys required for revenue neutrality (expressed as % of total commuter market) | 1.1m (0.5%) |

## Analytical Assurance

[redacted]

A 300 sample of routes has been analysed to calculate the impact of introducing flexible season tickets. This impact has then been extrapolated up according to the estimated size of the post-COVID commuting market to provide an estimate of a whole market impact. The figures presented are sensitive to the sample of routes chosen and may not be truly representative of the whole market. In this analysis we have used the same sample of routes as we did previously, and we have updated the COVID rail demand forecasts. We have also adjusted the extrapolation factor to only include routes where flexible season tickets will be sold.

The model provides an estimate of the 1st year impact of introducing flexible season tickets. Certain assumptions have been made about travel behaviours once restrictions have been lifted including how frequently passengers plan to commute. These assumptions are highly uncertain and difficult to forecast as they will depend on the intentions of employees and employers around post-COVID work patterns which are unlikely to be finalised until COVID cases have significantly diminished. These assumptions have not been updated since the previous analysis was undertaken.

The model uses elasticities from rail industry guidance, the Passenger Demand Forecasting Handbook. These are used to determine the level of additional demand that is generated by the lower ticket prices that some passengers will enjoy due to the introduction of flexible season tickets. The elasticities have not been changed in this update to the analysis.