Lilian Greenwood MP  
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Transport Committee  
House of Commons  
London  
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Dear Lilian,

Thank you for your letter of 21 November on the 26-30 railcard. This measure represents a good example of the public and private sectors working together and I welcome the opportunity to clarify why the announcement of the 26-30 railcard was included within the Budget.

Throughout the development process for the railcard, HM Treasury liaised closely with the Department for Transport and industry bodies to understand the commercial impacts of the railcard. Working in unison is imperative, as the railcard will likely be factored into bids for upcoming franchise competitions, meaning that the impact of the card on revenues will be passed on to the Government.

As you note, the rollout of the 26-30 railcard was informed by trials run by the Rail Delivery Group. The Government proactively engaged with the industry to monitor progress and further analysis of the impact on train operating company revenues is held by the Department for Transport. The results from these pilots suggested that a national rollout would be revenue generative and therefore, at this time, there is no public money being used to fund the scheme. However, as the Government will indirectly bear any impact on industry revenue, it was appropriate for the measure to form part of the Budget announcement.

The introduction of the railcard will leave more money in the pockets of young people using the rail network. My hope is that the Government and the rail industry will continue to work together on initiatives that both increase passenger benefits and stimulate growth in rail travel.

Philip Hammond