

From: Mike Whiting, Cabinet Member for Planning, Highways, Transport and Waste

Roger Gough, Cabinet Member for Children, Young People & Education

Phil Lightowler, Head of Public Transport

To: Environment and Transport Cabinet Committee – 19 March 2019

Subject: Reduction in Subsidy to the Young Persons Travel Pass (YPTP) Standard Pass

Key decision: 19/00021

Classification: Unrestricted

Past Pathway of Paper:

Future Pathway of Paper: For decision by Cabinet Member

Electoral Division: All

Summary:

The Young Persons Travel Pass (YPTP) is a discretionary travel scheme provided by KCC to Kent students in years 7 to 11 to support sustainable travel to school and educational choice. Currently the scheme has 24,000 users.

With continued funding pressure on KCC, the sustainability of such discretionary activities needs to be reviewed.

It is proposed that for 2019/20 the price of an annual pass will rise from £290 to £350, being an increase of £60 per full paying pass but with a KCC subsidy of between £300-£350 per pass (based on average operator pass costs/journey to/from).

The £60 uplift comprises a) the inflationary uplift element (£20) which offsets the bus operator inflation that is built into their fare increases and for which KCC has to reimburse operators and is reflected in the 2015 Cabinet decision for annual YPTP price increases. and b) a one-off reduction of £40 to the subsidy that KCC offers and reduces the level of subsidy from £8.9m to £8.1m.

It is also proposed to remove the half yearly payment option and introduce an 8-month instalment option from August to March each year. The cost of this change is £200K.

To ensure that the level of subsidy is maintained, a modest administration fee will be charged so that the cost of instalments is cost neutral to KCC. The fee for 2019/20 will be £10 but waived for those buying a discounted pass.

The entitlement to free passes for those in care/care leavers, the price and entitlement to £100 discounted passes, the offer when you “buy two passes that the third and fourth are free” and the annual inflationary uplift (capped at 5%) remain as per the 2015 decision but could be subject to review following the outcome of the Fair Funding Review and the Financial Settlement.

Recommendation:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport and Waste on the proposed decision to update the Cabinet Decision of June 2015 to:

1. reduce the subsidy to the standard YPTP pass by £60;
2. introduce an option to pay by instalments, the costs of which to be funded by the charging of a modest £10 administration fee;
3. maintain the cost of the pass to students from low income families at £100;
4. maintain the provision of free passes to those in care and care leavers; and
5. maintain the current offer that those families purchasing more than two standard cost passes will only pay for the first two;

The proposed Record of Decision is shown at Appendix A.

1. Introduction

1.1. The YPTP is a discretionary concessionary travel scheme for Kent students in years 7 to 11 who are not entitled to free home to school transport. The scheme directly links to the Strategic Outcome of Children and Young People in Kent getting the best start in life. In continuing to provide subsidised travel, parents who would not qualify for free home to school transport will have the opportunity to select schools which meet the needs of their children, rather than just based on locality.

1.2. It should be noted that across Kent, without the YPTP, students would be accessing travel through operator provided tickets, which depending on validity/area can be significantly more expensive than the YPTP. Prices for an equivalent pass can range from £600 to £950 per annum.

1.3. KCC recognises the importance the pass plays in supporting sustainable travel to school, supporting school selection and inclusivity of choice, and is committed to providing the YPTP. However, due to funding pressures it has been necessary to review discretionary activities such as the YPTP and for there to be a proportionate reduction in subsidy.

2. Proposed Subsidy Reduction

2.1 The proposal is for 2019/20 to reduce the subsidy to the standard pass by £60. This includes £20 anticipated operator inflation per pass which KCC is obliged to reimburse to the bus operators and a reduction of £40 per pass in the level of subsidy. These changes will generate £800K per annum.

- 1.1. There would be no change to the charge for low income families, defined as those on free school meals, which would see the pass remain at £100 per annum. In holding the low income pass at £100 since 2015 this pass group has received greater support, as they have not been impacted by operator inflation.
- 1.2. Those in care/care leavers, currently provided with a pass at no charge, would not be affected by this proposal.
- 1.3. The current offer to those families, with more than two children using a YPTP, that additional passes will be at no charge will also be maintained.
- 1.4. To help affordability, a process for providing instalments is being developed and is covered in section 3 of this paper.

3. Payment Process

- 1.1. Alongside the changes to the level of subsidy, there are proposed changes to the payment process.
- 1.2. The current YPTP process enables applicants to apply for either a yearly or half yearly pass. It is proposed to 'withdraw' the half-yearly option.
- 1.3. It is proposed to allow applicants to pay in full for their pass or to pay in eight equal monthly instalments.
- 1.4. For those applying for instalments, the option will be provided on the basis of eight payments from August to March. For those applying beyond June/July/August, the payments will reduce in number and the pro-rata payment will be increased.
- 1.5. Instalments will be open to all applicant and for those choosing instalments, there will be an administrative charge set at £10 per pass.
- 1.6. All applicants will continue to be able to apply online or through paper applications.
- 1.7. In addition, it is proposed to roll this process out to 16+ Travel Saver, with the same charge of £10 per pass for those paying by instalments, and the higher 16+Travel Saver price of £400. The introduction of instalments would be welcomed by a number of 16+ Travel Saver users, by improving affordability and supporting those accessing bursary support through their education or apprenticeship provider. A paper on this will be presented to Children's, Young People and Education Cabinet Committee on 28 March 2019.

4. Financial Implications

- 1.1. The price of annual Standard Pass will rise from £290 to £350. This includes £20 towards anticipated operator inflation. This is in line with the 2015 Cabinet Decision and a further £40 per pass towards reducing the overall subsidy to the scheme. Based on the anticipated pass take-up, this will generate £800k of income.

- 1.2. Bus operator inflation is estimated to be at c£500k per annum and therefore the 2015 decision to uplift the cost of the pass will continue, capped at 5%, to ensure that the level of subsidy offered by KCC does not increase. This will be reviewed once the outcome of the Fair Funding review is known.
- 1.3. The introduction of instalments carries a financial risk of non-payment once the pass is issued. This risk will be mitigated by collecting payments over a maximum period of 8 months, thereby front-loading receipt of funds.
- 1.4. Where an instalment is missed, a reminder letter will be sent to parents/carers. Students will still be able to use their pass. If more than one instalment is missed, the card will be hot-listed and will not be valid however bus operators will be instructed to allow students to travel home from school.
- 1.5. The £10 administration fee s intended to cover the administrative costs for instalment payments and is based on take-up by 20,000 users. If take-up is lower, KCC will cover the shortfall.

5. Legal implications

None.

6. Equalities implications

- 1.1. An initial EqIA screening covering the reduction in subsidy to the standard pass and the proposed changes to the application/purchase process has been undertaken.
- 1.2. It has not been possible to determine the equality impact of the proposed changes, as equalities information is not held on the parents/guardians who purchase the pass for their children.
- 1.3. The information will be collated through consultation. The service will in late 19/20 under take a major sampling of YPTP parents/guardians to collect equalities information which will help inform the scheme in future years.
- 1.4. The impact of the subsidy reduction has been determined. Modelling of the subsidy reduction has been undertaken by our concessionary travel consultants, MCL. This modelling shows that the maximum potential impact of the subsidy reduction is a 2.9% drop in pass numbers. However, what the model cannot determine is how the impact could be mitigated by school choice, value of the pass against current bus fares and affordability. Affordability is addressed through the implementation of instalments whilst key aspects of the scheme such as free passes for those in care/low-income pass are retained.
- 1.5. For information, the previous significant subsidy reduction in 2015 saw no decrease in use, despite a modelled impact.

7. Other corporate implications

None.

8. Timetable

8.1. A summary of the detailed implementation timetable is shown below.

- Work with Cantium Business Support on instalments process – March/April 2019
- Info sharing to users – Website/E-shots – March/April/May 2019
- Testing of instalments process – May 2019
- Window for pass applications opens - 3 of June 2019.
- Passes delivered for first day of term – 2 Sept 2019

9. Conclusions:

1.1. The YPTP is a discretionary scheme, providing subsidised bus travel for Kent students in years 7 to 11. Due to reductions in national funding, it has been necessary to review discretionary activities such as the YPTP and consequently the level of subsidy for the standard pass is being reduced by £60, increasing the yearly cost to the individual user to £350. To support affordability, an 8-month instalments option will be offered.

1.2. There will be no change to the £100 charge for low income families. Those in care and care leavers will continue to be provided with a free pass. The current offer to those families with more than two children using a YPTP, that additional passes will be at no charge will also be maintained.

Recommendation(s):

1.1. The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport and Waste on the proposed decision to update the Cabinet Decision of June 2015 to:

1. reduce the subsidy to the standard YPTP pass by £60;
2. introduce an option to pay by instalments, the costs of which to be funded by the charging of a modest £10 administration fee;
3. maintain the cost of the pass to students from low income families at £100;
4. maintain the provision of free passes to those in care and care leavers; and
5. maintain the current offer that those families purchasing more than two standard cost passes will only pay for the first two.

The proposed record of decision is shown at Appendix A

10. Background Documents

1. Appendix A: Proposed Record of Decision
2. Appendix B: Initial EqIA

11. Contact details

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