

From: Simon Jones, Corporate Director for Growth, Environment & Transport

To: David Brazier, Cabinet Member for Highways and Transport

Subject: **Maintain KTS Price in 23/24 and Revised Price Uplift Cap in Future Years**

Key decision – 23/00053

Classification: **Unrestricted**

**Electoral Division: All**

**Summary:** At the county council budget setting, on the 19th of February 2023, members voted as part of the budget to increase the cost of the Kent Travel Saver (KTS), to cover both anticipated operator inflation in 2023/24 of £1.488M, but also the inflation shortfall of £1.018M for 2022/23. A sum of £2.606M, which based on the current number of standard passes, 14,500, would require the cost of the pass to be increased by £180. This is a substantial increase, at a time when users are facing a significant cost of living crisis.

The recent award of BSIP funding, provides an opportunity to maintain the cost of the KTS in 2023/24, at a time of challenge for users and at no cost to KCC. However, it is only one year of funding relief and unless other internal/external funding is found in 2024/25, then potentially a significant cost increase to KTS will be required.

**Recommendation(s):**

The Cabinet Member for Highways and Transport is asked to agree:

For financial/academic year 2023/24, maintain the cost of the standard travel pass at £450 and the low-income pass at £120, through the use of funding provided by the Government's National Bus Strategy.

- To maintain the current instalments process.
- To maintain the current £10 administration fee for those paying via instalments on a standard pass,
- To maintain the current sibling offer, where family who have more than two children eligible for the KTS, will pay no charge for any additional pass beyond two.
- To maintain the current free pass arrangement for those in care, carers, and care leavers.
- For future years, increases in the cost of the standard and/or the low-income pass to match forecasted operator cost inflation. Whereas in previous years, increase in pass cost was capped at 5% of the gross costs of the scheme.

The Proposed Record of Decision is shown at Appendix A.

## **1. Introduction**

- 1.1 In June 2015, Cabinet resolved to cap price increases to what was then the Young Persons Travel Pass (YPTP) and the Kent Travel Saver (KTS), at a maximum of 5% of the gross costs of the scheme.
- 1.2 This key decision also established the key service offering, with instalments added as part of the scheme later, in 2017.
- 1.3 This paper is seeking a new decision, to maintain the current 2022/23 price into 2023/24 using National Bus Strategy Funding, to maintain the current service offering, but for future years to enable price increases to cover operator inflation, with no cap based on scheme costs.

## **2. Body of the report**

- 2.1 At the County Council budget setting meeting on the 19 February 2023, as part of the proposals to balance the budget, members voted to increase the cost of the KTS, so that it covered anticipated operator inflation for 2023/24 and inflation for 2022/23. This equates raising the cost of the pass by £180 to £630 based on 14,500 standard passes, with no other changes to the scheme.
- 2.2 This would be significant increase in the cost of the pass, at a time of a significant cost of living crisis and family budgets are being stretched. Under the recently approved Bus Service Improvement Plan (BSIP) allocation, granted under the National Bus Strategy, there is an opportunity to not proceed with this price increase in 2023/24.
- 2.3 The National Bus Strategy was launched in March 2021 with the aim of improving England's bus networks, through significant investment by national government. All Local Transport Authorities (LTA) were required to submit a BSIP to the Department for Transport (DfT), to seek funding for their bus service improvements and in addition they were required to establish Enhanced Bus Partnerships (EP), covering their networks. Kent submitted its BSIP in October 2021 and established its EP in April 22.
- 2.4 The Kent BSIP sought significant funding, over a three-year period, amounting to £122m. However, it became clear that available national funding would not cover all BSIPs submitted, and Kent was given an indicative allocation of £35m. This should be set against a backdrop, that nearly 50% of all who submitted a BSIP did not receive funding. Negotiations on the indicative allocation took place over 2022; delayed by the Autumn review of government spending. DfT confirmed in February 2023, that they could no longer provide the indicative funding, however, they could confirm two year's funding, based on Kent priorities, but all to be spent in 2023/24.
- 2.5 The revised BSIP funding is £19.9M, split £12.5M capital and £6.4M revenue and this was received on the 31<sup>st</sup> of March 2023. Its acceptance is covered by key decision 23/00027.

- 2.6 Within the revenue allocation, is a £3M element for fares/promotions and DfT has approved this can be used to support retaining the KTS, at the 2022/23 price, alongside a campaign to promote more use of the KTS.
- 2.7 It does mean that in 2024/25 the cost of the pass would need to increase to reflect operator inflation in 2022/23, 2023/24 and 2024/25. Hence the cap on price is no longer affordable and the new decision reflects this.

### **3. Financial Implications**

- 3.1 The recommendation defers the budget County Council decision to increase the charge for the KTS pass for one year. To maintain the price of the KTS at 2022/23 levels, it is estimated that £2.606M will be required based on current usage, which is £1,018M inflation shortfall from 2022/23 and £1,488M inflation for 2023/24.
- 3.2 The cost of the KTS pass in 2024/25 will need to rise to cover operator inflation for 2024/25, 2023/24 and 2022/23, unless alternative funding is identified.

### **4. Legal implications**

- 4.1 There are no identified legal implications.

### **5. Equalities implications**

- 5.1 No equalities implications identified.

### **6. Other corporate implications**

- 6.1 Use of the BSIP funding requires that alongside KCC branding promoting the KTS, we will be required to add National Bus Strategy funding branding and will need to accommodate wording in any press/info releases.

### **7. Governance**

- 7.1 Not applicable

### **8. Conclusions**

- 8.1 At the county council budget setting, on the 19<sup>th</sup> of February 2023, members voted as part of the budget to increase the cost of the Kent Travel Saver, to cover both anticipated operator inflation in 2023/24 of £1.488M, but also the inflation shortfall of £1.018M for 2022/23. A sum of £2.606M, which based on the current number of standard passes, 14,500, would require the cost of the pass to be increased by £180. This is a substantial increase, at a time when users are facing a significant cost of living crisis.
- 8.2 The recent award of BSIP funding, provided under the NBS, includes an element for the promotion of ticketing. Due to the shortened nature of the BSIP funding, there is an opportunity to now use some of this funding to retain the

cost of the KTS at the 2022/23 level, as part of a promotion of using the bus to travel to school. This is one off funding, which could provide a boost to the scheme and support users during 2023/24.

- 8.3 Unless other internal/external funding is found in 2024/25, then potentially a significant cost increase to KTS will be required and hence the need for future increases not to be constrained by a cap, linked to scheme costs.

## 9. Recommendation(s):

The Cabinet Member for Highways and Transport is asked to agree:

For financial/academic year 2023/24, maintain the cost of the standard travel pass at £450 and the low-income pass at £120, through the use of funding provided by the Government's National Bus Strategy.

- To maintain the current instalments process.
- To maintain the current £10 administration fee for those paying via instalments on a standard pass
- To maintain the current sibling offer, where family who have more than two children eligible for the KTS, will pay no charge for any additional pass beyond two.
- To maintain the current free pass arrangement for those in care, carers and care leavers.
- For future years, increases in the cost of the standard and/or the low-income pass to match forecasted operator cost inflation. Whereas in previous years, increase in pass cost was capped at 5% of the gross costs of the scheme.

The Proposed Record of Decision is shown at Appendix A.

## 10. Background Documents

Appendix A: Proposed Record of Decision  
KTS EqIA

<https://democracy.kent.gov.uk/documents/s118179/EqIAMaintainKTSPricein2324andRevisedPriceUpliftCapinFutureYears.docx.pdf>

## 11. Contact details

### Report Author:

Phil Lightowler  
Head of Public Transport  
03000 414073  
philip.lightowler@kent.gov.uk

### Relevant Director:

Haroona Chughtai  
Director of Highways and Transportation  
03000  
haroona.chughtai@kent.gov.uk