

From: **Neil Baker, Cabinet Member for Highways and Transportation**
Simon Jones, Corporate Director for Growth, Environment and Transport

To: **Cabinet Committee for Environment and Transport – 21 May 2024**

Subject: **Kent Travel Saver – Pass Cost Increase - 2024**

Key decision No

Classification: **Unrestricted**

Past Pathway of report: N/A

Future Pathway of report: N/A

Electoral Division: All electoral divisions and all local Member/s affected

Summary: The Kent Travel Saver (KTS) is a discretionary concessionary travel product for those in school years 7-11. It provides free travel on application payment or by free allocation. Operators are re-imbursed for travel, and the cost of the scheme rises on annual basis as a result of operation inflation.

In 23/24, the cost of the standard KTS pass was held at the prevailing cost because funding from the Bus Service Improvement Plan was made available to support. Had the BSIP funding not been available, then there would have been a significant increase in the cost to users of the scheme, at the time of a cost-of-living crisis.

For 24/25, scheme costs are expected to rise again and the cost of the KTS will need to rise. We will make use of BSIP funding to limit the extent of the pass increase. From application window opening in June, the cost of the standard pass will rise from £450 to £550.

The low-income pass will remain at £120 and there will be no other changes to the scheme.

The 16+ Travelcard will rise in price, alongside the KTS, to maintain the differential in price. The Travelcard will rise in price to £600.

Recommendation:

The Cabinet Committee is asked to NOTE and COMMENT on the report.

1. Introduction

1.1 The Kent Travel Saver (KTS) is a discretionary concessionary travel product, for those attending school in years 7 to 11.

- 1.2 The scheme provides free travel at point of use, within core hours and there is no limit on the buses can be used during those core hours. The scheme is available on all local bus services in Kent.
- 1.3 Access to this concessionary product is by means of an application and associated payment, with a discounted rate for those on low income and for specific groups i.e. in care, passes are allocated at no charge (namely, receiving full KCC subsidy).
- 1.4 On annual basis the charge for accessing the scheme, including the low-income group is reviewed.
- 1.5 This paper sets out the plan in respect of pricing for the KTS in the financial year of 2024/25.

2. Background

- 2.1 The current cost of the Kent Travel Saver is £450 and is £120 for those on low income.
- 2.2 In 23/24, the KTS budget was £14.558M gross, income of £9,483M and a net budget of £5,075M. The budget set reflected that the provision for gross operator inflation (fares increases) increased gross costs by £2.5M and needed to be offset by raising the income derived from passes (£2.5M) as set out in the paper to ETCC in May 2023, and in key decision [23/00053](#). By using anticipated pass numbers at the time, to deliver this net budget would have required the cost of the standard KTS pass to rise from £450 to £620. This would have been a very significant increase, at a time when it was recognised that the UK was going through a cost-of-living crisis.
- 2.3 However, with Bus Service Improvement Plan (BSIP) funding, a two-year one-off package of funding, KCC had secured revenue funding from DfT, to support the cost of the KTS in 23/24 and this enabled the cost of the pass to be retained at £450.
- 2.4 For 24/25, a budget for KTS of £15,022M gross cost, £9,946M income and £5,075M has been set. This budget incorporates an increase in gross cost of £564,000 to account for anticipated operator inflation. Once again, through BSIP, we have funding available to support the price of the KTS to users, alongside other fare initiatives. It should be noted that, as per 2.3, BSIP is one off funding and there is no indication that there will be future funding.
- 2.5 Taking account of the anticipated increased cost to the KTS scheme and the BSIP funding available, for 24/25 it is necessary to increase the cost of the pass from £450 to £550, but to retain the low-income pass at £120. There are no other structural changes to the scheme.
- 2.6 This increase in the cost of the pass, whilst significant, is being kept lower due to the BSIP funding. Without BSIP, the price of the KTS would have historically risen to £620 and to potentially £650 for 24/25.

- 2.7 Even at £550 the pass is still considered to provide value to the user. When compared over 190 school days, the KTS will still deliver a daily cost of £2.89 or £1.45 per trip. This is lower than commercial daily bus fares and lower than the £2 fare cap, which ends December 24. The KTS also still provides significant value against a number of operator period tickets, which can range in price from £550 to £1400 per academic year.
- 2.8 There is no limit on the number of bus services that can be used within the core hours of the scheme, the pass can be used during selected school holidays and there are further operator add-ons, which provide additional secondary value to the product.
- 2.9 KTS will continue to provide the option to pay up front or spread the cost across eight direct debit payments.
- 2.10 The application window for the 24/25 KTS is planned to open on the 3rd June 2024 and the deadline for applications, to ensure a pass is at school by the beginning of September is expected to be the 11th August 2024.
- 2.11 In line with the increase to the standard cost of the KTS, the 16+ Travelcard will rise to £600 on the same date. The increase in cost reflects the differential in price maintained between the KTS and the 16+ Travelcard.

3. Financial Implications

- 3.1 The KTS budget for 24/25 has been set at £15,022 gross, £9.946M income, so delivering a net budget of £5,075.
- 3.2 Increasing the cost of the standard pass from £450 to £550, based on current pass numbers of 13,736, would deliver income of £7.555M. In addition, income from low-income pass sales, based on 2,500 users, would generate an additional £300K of revenue. Taking total sales revenue to £7.855M.
- 3.3 Under BSIP, revenue funding has been provided to support ticketing initiatives including supporting the price of KTS. This funding will be used to close the gap between the income received and the budgeted income.
- 3.4 It should be noted that standard passes account for 70% all issued, with 13% for low income and 17% for passes allocated at no cost. For those in receipt of the low-income pass or allocated a free pass, the level of subsidy per pass from KCC is greater than the standard pass and this is a key component of the KTS scheme.

4. Legal implications

- 4.1 There are no legal implications.

5. Equalities implications

- 5.1 There are no equality implications from this price increase, as there are no changes to the structure of pass charging/allocation.

6. Other corporate implications

6.1 There are other corporate implications.

7. Conclusions

- 7.1 KTS is a discretionary concessionary travel scheme, the cost of the KTS scheme to KCC rises each year because operator fare increases are recognised within the re-imburement provided to bus operators.
- 7.2 In 23/24, KCC was able to maintain the cost of the pass to users at the then current rate of £450, despite significant increase in scheme cost, due to funding being provided by the Bus Service Improvement Plan (BSIP). This BSIP funding enabled the cost of the pass to be maintained, during a cost-of-living crisis.
- 7.3 For 24/25, scheme costs are expected to rise again, and while BSIP funding is available to support ticketing initiatives, it will be necessary to raise the price of the standard KTS pass from £450 to £550. The low-income pass will remain at £120 and there will be no other changes to the scheme for 24/25.
- 7.4 The revised price will come into force, when the KTS application window opens on the 3rd June 2024.

8. Recommendation

8.1 The Cabinet Committee is asked to NOTE and COMMENT on the report

9. Contact details

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