



## Transport Delivery Committee

<b>Date</b>	Monday 14 May 2018
<b>Report title</b>	2018/19 Child Concessionary Travel Scheme and Reimbursement Arrangements
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<b>Report to be/has been considered by</b>	Councillor Worrall, Lead Member for Finance and Performance Monitoring

### Recommendation(s) for action or decision:

### The Transport Delivery Committee is recommended to:

- i. Approve the amendments to the Child Travel (Bus) Concession Scheme and the Child Travel (Bus) Concession Reimbursement Arrangements to incorporate 16 to 18 year old apprentices and trainees;
- ii. Approve the publication of an amended 2018/19 Child Travel (Bus) Concession Scheme and the Child Travel (Bus) Concession Reimbursement Arrangements to incorporate the enhanced eligibility.

## **1.0 Purpose**

- 1.1 To seek Committee approval for the changes to the Child Travel (Bus) Concession Scheme and the Child Travel (Bus) Concession Reimbursement Arrangements documents and their publication to be effective from 1<sup>st</sup> August 2018 to 31<sup>st</sup> July 2019, inclusive.

## **2.0 Background**

- 1.1. The current Child Travel (Bus) Concession Scheme and the accompanying Reimbursement Arrangements are in operation until 31<sup>st</sup> July 2018 and currently support three classes of eligible persons who are Residents of the Metropolitan Boroughs of the West Midlands as follows:

- i. Those aged 5-15 years with approximately half adult fare on Monday to Friday from the start of daytime services to before 0930, and from 1500 to before 1800;
- ii. Students aged 16-18 years, as defined by Section 14 of the Education Act 2002, not in receipt of direct income and aged under 18 on the 31 August immediately before the Academic Year concerned. The concession then applies to the end of that Academic Year offering approximately half adult fare on Monday to Friday from the start of daytime services to before 0930, and from 1500 to before 1800; and
- iii. Children and Students (as defined above) who are Disabled (as defined in section 146 Transport Act 2000) and hold a English National Concessionary Travel Pass issued by WMCA will receive free travel Monday to Friday term time only from 0600 to before 0930 if in connection with the school or college curriculum.

- 1.2. Outside of the 2017/18 Child Travel (Bus) Concession Scheme, following a review of the issues of accessing public transport by young people, in September 2017 Transport for West Midlands (TfWM) launched a pilot Apprentice & Trainee offer through a fixed funding pot to operators which provided half fare travel on bus for those aged between 16 and 18 who were undertaking an apprenticeship or trainee course.

## **3.0 Scheme Amendments - Changes to the Definition of the 'Class of Eligible Persons'**

- 1.3. Based on the success of the Apprentice and Trainee pilot, for the 2018/19 Child Travel (Bus) Concession Scheme and the Child Travel (Bus) Concession Reimbursement Arrangements, to be effective from 1<sup>st</sup> August 2018, members of The Committee are recommended to agree to change the definition of the 'Class of Eligible Persons' from:

### ***Students aged 16-18***

*Residents of the Metropolitan Boroughs of the West Midlands who are in full-time education as defined by Section 14 of the Education Act 2002, not in receipt of direct income and aged under 18 on the 31 August immediately before the Academic Year concerned. The concession then applies to the end of that Academic Year.*

to:

***Young persons aged 16-18***

*Residents of the Metropolitan Boroughs of the West Midlands who must remain in education, employment or training as defined by the Education and Skills Act (2008), and aged under 18 on the 31 August immediately before the Academic Year concerned. The concession then applies to the end of that Academic Year they turn aged 18.*

Justification of change

- 1.4. Despite changes to the Education and Skills Act (2008), which from 2015 legislated all those aged 16 to 18 years must remain in full time education, employment or training, young Apprentices and Trainees within this age group were still expected to pay full adult fares in the region despite those in this age group and in full time education being eligible for a half fare discount on bus, train and tram travel through the Child Concessionary Travel Scheme.
  - 1.5. Apprentices and Trainees are paid at the minimum wage which can be as low as £3.50 per hour for those under 19 and are recognised as some of the most financially vulnerable in the region. Their weekly travel costs<sup>1</sup> can be between 15% and 25% of their gross income depending upon whether they just travel by bus or they use all transport modes.
  - 1.6. This issue has been recognised in many other areas around England with Manchester, Merseyside, West Yorkshire and the North East all offering half fare travel to those aged under 19 regardless of whether or not they are in full time education in recognition of the financial challenges faced by this age group.
  - 1.7. The permanent inclusion of 16-18 year old Apprentices and Trainees in this concessionary fare scheme not only ease the barrier to access training, education and employment. It also enables sustainable travel choices, supports the West Midlands Bus Alliance commitment to make bus travel more affordable for young people and wider WMCA objectives such as the Productivity and Skills agenda and the Mayoral commitment to improve the lives of young people.
- 4.0 Scheme Amendments - Inclusion of new reimbursement arrangements due to update of the 'Class of Eligible Persons' outlined above**
- 1.8. The changes to the definition of 'eligible persons' will mean the inclusion of some additional reimbursement arrangements. The Scheme states that the objective of reimbursement '*....under the 1985 Act is to provide that such operators both individually and collectively are no better and no worse off financially than they would be if they did not participate in the Scheme in accordance with the principles set out in the TCSR*'.
  - 1.9. The current scheme reimbursement arrangements work on the premise, taken from evidence from other areas, that in the absence of a scheme, operators would charge current 'eligible persons' two thirds of the full adult fare. The eligible passenger pays half the fare to the operator at the point of travel (or through the purchase of a season ticket) and TfWM pays the difference to take that half fare up to two thirds.

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<sup>1</sup> This is based on 36.5 hours per week income of £127.75 against the nBus 1 week price of £19.00 and the nNetwork zone 5 price of £31.50

1.10. However, in the absence of the scheme and prior to the pilot, operators were charging 16-18 year old Apprentices and Trainees the full adult fare therefore we cannot take forward the assumption that operators would charge two thirds of the fare to those made eligible due to this change. To resolve this, TfWM will make an enhanced payment for each newly eligible Apprentice or Trainee that takes up this scheme so that operators receive a level of reimbursement that is equivalent to the full adult fare.

## **5.0 Bus Consultation**

5.1 The Authority must give a minimum of 28 days' notice in writing to operators if they vary the class of eligible person, the nature of the concessions to be provided or the reimbursement arrangements within the Scheme. Subject to The Committee agreeing to changes outlined in this document, draft Scheme documents and arrangements will be issued to all operators and a 28 day consultation period will be undertaken. The consultation period will run from 28 May 2018 to 24 June 2018 and the new scheme will be finalised and published by 1 August 2018.

## **6.0 Train and tram**

6.1 TfWM can compel bus operators to accept the eligibility amendment detailed above subject to ensuring that they are neither better nor worse off. This is using powers within the Transport Act 1985. However, for train and tram operators we do not have the same powers to compel them and as such we have to enter negotiations. Initial discussions with operators have proven positive and it is highly likely that they will accept the amendment – the tram and all train operators took part in the pilot scheme.

## **7.0 Financial Comments**

7.1 The fixed funding arrangement that was put in place with operators for participating in the Apprentice & Trainee pilot offer during the 2017/18 academic year was based upon anticipated take-up by this demographic. Bringing this offer into the Concessions Schemes will mean operator reimbursement is based upon usage and take up rather than a fixed amount which is much more economical and efficient. In addition it ensures the premise meets other concession offers of operators being '*no better or no worse off*' by offering the discount. This becomes a much more cost effective option for the Authority and safeguards the longevity of the offer in place for young people

7.2 The anticipated costs of the 2018/19 Child Concessionary Fares Schemes have been included within the 2018/19 Transport Levy budget.

## **8.0 Legal Implications**

1.11. The concessionary fares schemes in the WMCA area are governed by the following separate pieces of legislation;

- i. The Transport Act 2000 (as amended);
- ii. The Transport Act 1985 (as amended); and
- iii. Travel Concession Scheme Regulations 1986

1.12. Legal implications have been considered within the body of this Report and there are no further direct implications arising.