



WMCA Board Meeting

Date	8 September 2017
Report title	Half Fare Travel for 16 to 18 Year Old Apprentices and Trainees
Portfolio Lead	Councillor Roger Lawrence - Transport
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Report to be/has been considered by	Strategic Transport Operators Group - 14 August 2017 WMCA Management Board - 17 August 2017 WMCA Programme Board - 25 August 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree, subject to funding and gaining agreement with operators, to enhance the 16-18 half fare offer to incorporate those undertaking apprenticeships or traineeships as a pilot starting on the 30 September 2017 until 31 August 2018.
- (2) Agree that the offer, subject to the above, will initially be for bus and tram only however subject to current negotiations may also include rail.

1.0 Purpose

1.1 The purpose of this report is to seek agreement to the enhancement of the current offer to 16-18 year olds that allows for those in full time education to travel for half fare, this will incorporate those of the same age who opt to undertake an apprenticeship or traineeship as a pilot until 31 August 2018.

2.0 Background

2.1 The Education and Skills Act 2008 introduced changes to the school leaver's age that were fully introduced in 2014. These changes require all those aged 16 to 18 to either be in full time education or undertaking an apprenticeship or a traineeship.

2.2 The TfWM child concessionary fares scheme has not been amended to incorporate these changes and still only provides a half fare discount for those aged 16 to 18 who are in full time education. Those aged 16-18 undertaking an apprenticeship or traineeship are currently charged the full adult fare.

2.3 Our analysis shows that there are 105,000 young people aged between 16 and 18 in our region with 74,000¹ of those being in full time education and as such already covered by the child concessionary scheme. This means that the remaining estimated 31,000 young people will benefit from this extended half fare scheme.

2.4 This enhancement aligns with the Mayors aspirations to support young people in their efforts to gain employment and training and will also help to reduce the dropout rate for those already undertaking apprenticeships and traineeships.

2.5 It also will enable the WMCA and TfWM to achieve objectives within the 'Movement for Growth' Strategy and the West Midlands Bus Alliance commitment to make bus travel more affordable for young people.

3.0 Transport costs – a barrier to employment

3.1 Young apprentices and trainees tend to be the lowest paid employees with the minimum wage being £3.50 per hour. Therefore, their weekly travel costs² will be between 15% and 25% of their gross income, depending upon whether they just travel by bus or they use all modes. Statistics show that 28% of apprentices and 24% of trainees drop out before finishing their apprenticeship or training – it is likely that the significant costs of public transport contributes to these high dropout rates.

3.2 This issue has been recognised in many other areas around the UK with Manchester, Merseyside, West Yorkshire and the North East all offering half fare travel to those under 19 regardless of whether or not they are in full time education. Merseyside report that the reduction in child fares has been the main stimulus for a 9.4% growth in passengers in the past 3 years.

¹ This is estimated using data for 16-19 year olds which shows that 70.5% of this population are in full time education – However, those aged 16 to 18 may be more likely to be in full time education and as such this figure may be understated.

² 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

4.0 The proposal

- 4.1 Through the West Midlands Bus Alliance, there is a desire to offer discounted travel to young people. Bus operators are keen to support a discount but have expressed concern that without support from TfWM, they will suffer significant revenue loss as current customers will pay less and it may not attract enough new customers to cover the reduced revenue they will receive.
- 4.2 Therefore, it is proposed that TfWM uses its discretionary powers to contribute to the costs of offering this enhanced half fare scheme, as a one year pilot where those apprentices and trainees aged 16 -18 will travel for half fare on buses and trams and possibly also on trains.
- 4.3 The administrative process will match that required of those 16 to 18 year olds in full time education, who apply through an online portal. However, rather than proving that they are in full time education, the apprentice or trainee will be asked to prove their date of birth and that they reside in the West Midlands. Successful applicants will be issued with a 16-18 photo card which can then be used as proof to purchase tickets from the child range which are half the price of adult tickets. The 16-18 photo card can also be presented to drivers or inspectors to prove that the apprentice or trainee is entitled to use child tickets for their journey.
- 4.4 The scheme will initially be offered as a trial within the Metropolitan area. This will enable data to be captured to validate the effectiveness of the offer with a view to potentially widening the scheme in the future.

5.0 Consultation with operators

- 5.1 The two largest bus operators, National Express and Diamond Bus have indicated that they would be willing to participate in a pilot scheme if TfWM would be willing to contribute towards the costs of offering the wider half fare discount. The Bus Operators Group who oversee the nBus³ scheme and therefore represent the wider group of bus operators have also agreed that nBus would form part of the half fare offer.
- 5.2 The tram operator has indicated that it too would be willing to participate in a pilot.
- 5.3 Initially we were led to believe that due to the impending change of franchisee, the Department for Transport (DfT) would be nervous about the incumbent operator entering into arrangements that will either directly or indirectly commit the new operator to participate and whilst London Midland has expressed interest in participating in this pilot, it feels that the requirement to satisfy the DfT will take considerable time and as such, may not be deliverable in its remaining operating timetable.
- 5.4 We now have agreement in principle from the DfT to proceed and are discussing the way forward with London Midland.

³ All 26 bus operators in the West Midlands accept the nBus ticket range

6.0 Financial implications

- 6.1 The proposed pilot will be funded from within existing TfWM resources. There will be a fixed level of financial exposure to the WMCA with Bus Operators taking on the financial risk over the fixed level as part of the agreement with TfWM.
- 6.2 We are also exploring additional funding opportunities in order to extend the scheme including discussions with the DWP.

7.0 Legal implications

- 7.1 The Scheme as it currently stands would only allow those 16-18 year olds in full time education to access the concessionary scheme. Therefore, the WMCA would need to exercise its discretion in order to provide additional support to 16-18 year olds who are undertaking apprenticeships/vocational training.

8.0 Equalities implications

- 8.1 Extending the 16-18 offer to those in training and apprenticeships is positive from an equalities perspective especially for those young people on low incomes.

9.0 Other implications

- 9.1 There are no other implications associated with this report.

10.0 Schedule of background papers

- 10.1 None.

11.0 Appendices

- 11.1 None.

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