

GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY**REPORT FOR RESOLUTION**

COMMITTEE: Policy and Resources
DATE: 11th September 2009
SUBJECT: Young Persons' Concessionary Travel Pass
REPORT OF: Information Systems Director, GMPTE

PURPOSE OF REPORT

The purpose of this report is to provide Members with details of the Young Persons' Concessionary Travel Pass scheme (YPCTP) and to seek approval for implementation.

RECOMMENDATIONS

1. That Members approve the following recommendations:
 - The introduction of a Greater Manchester YPCTP scheme as proposed, before the end of the 2009/10 academic year
 - A charge of £5 is made for each new application which will cover the cost of setup, ongoing administration and card production
 - A charge of £5 is made for each subsequent replacement card that is requested (unless a valid police crime reference number is available).
2. That Members note the GMTL reduction in the System 1 weekly young persons travel pass from £8 to £7 and the inclusion of System 1 logo on the YPCTP card.
3. That Members request that a further report is brought forward in April 2010 which will:-
 - Put forward for approval by Members the detailed changes to the ITA's concessionary travel scheme, including details of the proposed conduct-based pass withdrawal scheme and the proposed date for implementation of the changes to the scheme
 - Report further on the operators ticket offer for 11-16 year olds who will no longer be included in the concessionary scheme.

BACKGROUND DOCUMENTS

GMPTA 11th April 2008 - Proposed Changes to the Young Persons Concessionary Fares Scheme.

GMPTA 1st August 2008 - Concessionary Travel Reimbursement Arrangements

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1 BACKGROUND

1.1 Extract from the GMPTA report of 11th April 2008:

'GMPTA's Young Persons' Concessionary Fare Scheme offers unrestricted bus travel for the reduced fare of 70p to all children under 16. After their 16th birthday, children still in full time education are able to apply for a Scholars' Permit, which allows bus travel at the concessionary fare for all journeys to and from school. No form of identification is needed to benefit from the concessionary fare scheme. Although GMPTA produces an 'Under 16' Card for those children wanting to prove their age, take-up is low and it is generally left to individual bus drivers to decide if a passenger is eligible.'

1.2 The following limitations of the existing scheme were identified within the GMPTA report of 11th April 2008:

'Under the current concessionary fare scheme, eligibility to participate expires on the day of the individual's 16th birthday, regardless of when this falls in the academic year. After this date, the full adult fare is payable. Therefore those young people whose birthday falls early in the academic year are liable to pay the full adult fare even though they remain in compulsory full time education.'

To mitigate against this, the GMPTA Scholars' permit allows 16 to 19 year olds in full time education to travel to and from school at the concessionary rate. However, the full adult fare is still payable for all other journeys, including journeys to and from extra-curricula events, or social, recreational or personal journeys. This places a financial burden on young people when they are still in compulsory education and often still financially dependent on parents. Moreover, it acts as a disincentive to using public transport for a range of journeys which, at a time when young people are particularly impressionable, and on the cusp of being able to make their own transport choices, could prompt long-term car dependency.'

Conversely, because use of the 'Under 16' card is optional, the scheme is open to abuse by older children claiming the concessionary fare illegitimately, with no enforceable means of prevention. This has revenue implications for GMPTA/E at a time when there is already pressure on the budget. The lack of a compulsory card also leaves it up to bus drivers to decide a persons eligibility to travel at the concessionary rate, which has in the media led to press stories of eligible children being refused passage on a bus due to their inability to prove their age.'

- 1.3 Extract from the minutes of the GMPTA meeting of 11th April 2008 (item PTA/07/279):

Resolved - 'That approval be given for the recommendations in the report to change the scheme's eligibility criteria to provide:

- a) that the concession for 11-16 year olds be available to Greater Manchester residents and to non-residents who attend school within Greater Manchester only, and that the concession for these groups be available on production of a concessionary permit issued by GMPTE**
- b) that a concessionary permit be withdrawn if the permit holder is in breach of a good conduct protocol, and**
- c) that eligibility for the child concession is extended until the 31st July following the child's sixteenth birthday.'**

It was further resolved 'That GMPTE should develop a programme for the issue of the new concessionary permits'.

- 1.4 It is estimated that there are between 175,000 and 200,000 young people currently eligible for the proposed scheme, with 35,000 to 40,000 'new entrants' each year and an equivalent number leaving at the end of each school year.

2. CURRENT STATUS

- 2.1 Amendment of the eligibility criteria for the concessionary travel scheme, to include all children until 31st July of the academic year in which they reach the age of 16, has already been completed. In response to the Authority's resolution of April 2008, the PTE incorporated the proposals for the Young Persons' Concessionary Travel Pass into the Integrated Transport Systems workstream of the TIF bid, one element of which was to provide smart card ticketing. Had the TIF programme been endorsed, the scheme would have been well developed and ready for implementation from September 2009.
- 2.2 In its place, GMPTE initiated a project to deliver a YPCTP scheme that meets the further recommendations previously agreed by GMPTA. The project team has worked with the system suppliers and internal and external stakeholders, including representatives of the Greater Manchester Local Authorities and the Bus Operators (via GMBOA), to develop the proposal. The forecast set up and on-going costs of the scheme have been identified and, subject to confirmation of funding, the scheme is ready to implement.
- 2.3 The proposed scheme will:-
- Provide all qualifying young persons, on presentation of validation documentation, with a personalised "smart" enabled travel photo pass which includes System One Travel Club membership. The facility to obtain a replacement pass in the event that theirs is lost, stolen or the information on it becomes out of date is included. The travel pass will

have a recognisable YPCTP logo on it to facilitate easy driver recognition.

- Include a comprehensive publicity campaign supported by a welcome package of offers including fare reductions from the operators to a face value of between £30 and £60, to make young people aware of the need to apply for a pass and encourage them to join the scheme; use of the pass will then become mandatory 6 months after introduction.
- Establish a 'good conduct' protocol, similar to that in place for Yellow School Buses that is supported by operators and local authorities with procedures for confiscation and appeals.

2.4 Each of the Greater Manchester local authorities has been consulted with positive feedback, to understand their views on the introduction of the YPCTP and to determine how to share information to assist the process for validating the eligibility of young persons to be issued with a pass.

2.5 The YPCTP card has the potential to support multiple functions. The pass could support other services including free travel permits, library and leisure access and discounts. The option to have different designs and branding on the cards (with of course a GMPTE/ITA /YPCTP logo for bus driver recognition) is included in the scheme costs.

2.6 GMBOA is extremely supportive, recognising the opportunity to improve behaviour on the buses through the potential for confiscation, free drivers from eligibility decisions, and take advantage of additional revenue from the cessation of fraudulent use of the under 16 concession by young people over 16 years old and outside the scheme.

2.7 Evidence from TfL confirms that the introduction of its free, mandatory young persons' card has helped to improve behaviour on the buses in London. In over 10,000 incidents a year, at least 3,000 result in confiscation with a further 1,000 cards withdrawn because of misuse.

3 IMPLEMENTATION

3.1 It will take six months to implement the appropriate infrastructure, resources, and processes to support a scheme of this size. A phased publicity campaign will be undertaken to launch the YPCTP during this period.

3.2 Detailed analysis shows that the scheme for up to 200,000 passes will cost approximately £1.03 million across financial years 2009/10 and 2010/11 to set up, distribute passes to all eligible young people, and administer, with an annual cost of approximately £0.27 million thereafter to issue passes to new joiners to the scheme and to provide a replacement service for passes when, for example, they are lost or stolen. This equates to a one-off cost of £5 (2p per week over 5 years) for each new and replacement pass and confirms the information presented to GMPTA in the paper which it approved.

3.3 A charge for the young persons' pass may raise concerns, when previously no charge has been levied. The proposed cost of £5 will be mitigated by the measures described below:-

- To mitigate the impact of the £5 fee, an attractive package of appropriate offers targeted at the age group covered by the YPCTP is planned. The offers will be a combination of discounts, free entry and "2 for 1" deals of an appropriate nature, covering attractions such as the Manchester Chill Factor, Manchester United and City Football Museums, Manchester Transport Museum, family restaurants, and fashion retailers who focus on young people. The estimated value of the package on offer is between £30 and £60.
- We propose a monthly prize draw for passholders, offering prizes appropriate for the 11-16 age groups. This will allow for regular communications, post, text or email, to take place with passholders on other associated initiatives and travel opportunities.
- GMTL has proposed a permanent reduction in the System One Junior Bus Saver 7 from £8 to £7. Conditions that apply to this proposal include, a bad behaviour protocol being agreed and the System One logo being on the YPCTP, (this removes the need for a separate System One travel club membership photocard being issued).

3.4 The costs of setting up and operating the scheme are shown in Appendix A.

4. POINTS FOR CONSIDERATION

4.1 Payment for Pass

It is recommended that a £5 administration fee is charged for each new and replacement pass. The alternative to a passholder charge is that the cost of setting up the scheme and its ongoing support is provided from existing GMITA/GMPTE budgets.

4.2 Other Local Authority Smartcard Schemes

Authorities with existing smartcard schemes will need to establish that their cards abide by the schemes rules, before their cards could be incorporated into the overall Greater Manchester YPCTP scheme.

4.3 Confiscation

One of the objectives for the introduction of the YPCTP is to improve behaviour on buses through a good conduct protocol and the potential for the pass to be confiscated in the event of bad behaviour. Considerable discussion has taken place on the issue with the local authorities and the bus operators. A good conduct protocol, which will include conditions for withdrawal and appeal, is currently being developed. A further report will be produced for Members approval.

4.4 **Non-Pass Fare**

Members decided in principle at their meeting of 11th April 2008 to amend the ITA's concessionary travel scheme so that the concession for 11-16 year olds would be available only to residents of Greater Manchester and pupils attending school in Greater Manchester. Currently the concession is available to all 5-16 year olds. The PTE has therefore been in discussion with GMBOA with regard to the availability of a special ticket product for 11-16 year olds who will no longer be covered by the ITA's scheme or who are not in possession of a valid pass. GMBOA has produced a discussion document on the subject, with the preferred option being the introduction of some form of junior day saver ticket.

4.5 **Benefits**

The introduction of the YPCTP will deliver the following benefits:

For the passholder:

- Regularise the system for young people to ensure that eligibility is not questioned
- Incorporate System One membership in the YPCTP
- Provide the young person with an ID card which can be used to prove age eligibility for other services, e.g. cinemas
- Provide a single ID card for all transport services for young people in Greater Manchester
- Provide safer travel due to the introduction of a good conduct protocol.

For the operator:

- Free the driver from having to make decisions about eligibility
- Reduce ongoing maintenance and repair costs due to less damage from bad behaviour

For GMPTE/GMITA

- Structured system to ensure only eligible young people receive the concession
- Ability to market other services
- Opportunities to work with GMTL and Metrolink on fare strategies and a more cohesive approach to young people
- Provide opportunities to work with the Local Authorities to support their activities in the provision of, for example, free travel passes

In addition there is the potential to increase fare revenue and reduce concessionary reimbursements both by restructuring eligibility and reducing fraud.

5. RECOMMENDATIONS

See front sheet or report.

David Hytch
Information Systems Director

Appendix A – Summary Financial Projections

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Setup Costs						
System Setup, Application & Card Design	£44,000	£10,000				£54,000
Travelshop Equipment & Temporary Staff	£22,000	£30,000				£52,000
Website Design, Build & Testing	£40,000					£40,000
Marketing (incl. Posters & Direct Mailing)	£47,000	£60,000				£107,000
Customer Services Support		£27,000				£27,000
Project Management	£44,000	£35,000				£79,000
System & User Acceptance Testing	£31,000	£22,000				£53,000
Total Setup Costs	£228,000	£184,000				£412,000
Operating Costs						
Card Production & Management		£394,000	£182,000	£182,000	£182,000	£940,000
Card Purchase		£190,000	£61,000	£61,000	£61,000	£373,000
Other Operating Costs		£29,000	£25,000	£25,000	£25,000	£104,000
Total Operating Costs		£613,000	£268,000	£268,000	£268,000	£1,417,000
Total Costs (Setup & Operational)	£228,000	£797,000	£268,000	£268,000	£268,000	£1,829,000
Contribution from Passholders						
Contribution from Passholders (at £5 for both new & replacement cards assumes 20% annual replacement)		£928,000	£301,000	£301,000	£301,000	£1,831,000
Net (Cost) Saving	-£228,000	£131,000	£33,000	£33,000	£33,000	£2,000

Assumptions

No. of Young People in GM between 11 and 16 including 5% out of area	195,300
No. of children reaching the age of 11 each year including 5% out of area	36,750
Percentage take-up of cards	80%
Annual percentage of replacement cards	20%
Percentage of card supplied free of charge	1%
Estimated number of confiscations per month up to	200