



Tyne and Wear Integrated Transport Authority

Meeting to be held at 10.00 am on Thursday 26 July 2012 in a Committee Room, Civic Centre, Newcastle upon Tyne

Membership: Blackburn, Curran, Green, Hobson, Hodson, Lawson, Lott, Maughan, McElroy, Murison, O'Shea, Smith, Stokel-Walker, Stone, D Wood and P Wood

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This agenda is available at www.twita.gov.uk

SUPPLEMENTAL AGENDA 2

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With the permission of the Chair this report replaces the report which was previously listed as item 17 on the main agenda. The reason for the replacement would be outlined at the meeting.

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FOR DECISION

DATE: 26 July 2012
SUBJECT: Revision to Child Fares
REPORT OF: Nexus Director General

PURPOSE OF REPORT

To obtain the approval of the Integrated Transport Authority to a revision to child concessionary fares.

RECOMMENDATIONS

The ITA are asked to approve the following amendments to child concessionary fares with effect from 1 September 2012:-

- Child single 60p (an increase of 10p from the current 50p fare)
- Child All Day ticket £1.10 (an increase of 10p from the current £1.00 fare)

BACKGROUND DOCUMENTS

N/A

CONTACT OFFICERS

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IMPACT ON OBJECTIVES

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Positive

1	Executive Summary
1.1	When the 2012/13 Nexus budget was set by the ITA in January 2012, it was envisaged that child concessionary fares would be maintained at their current level (50p single and £1.00 for a Child All Day ticket).
1.2	Since then, it has become apparent that the concessionary travel budget is facing more significant pressures than originally anticipated. The child concession, first introduced in 2008 has been extremely successful and the irony of its success is that at current fare levels, it has become financially unsustainable. It is therefore proposed that the single fare is increased to 60p and the Child All Day ticket to £1.10 with effect from 1 September 2012.
1.3	Costs and ridership will be closely monitored during the remainder of the year in order to determine whether any further changes will be required during 2013.
1.4	Members should note that despite this proposed increase, child fares in Tyne and Wear are lower than in other Metropolitan areas (save for Barnsley where a specific agreement funded outside of the levy arrangements provide for free travel). Elsewhere, children are typically charged half fare which would be circa 80p for a single journey in Tyne and Wear.
2	Introduction and Background
2.1	The current child fares of 50p single and £1.00 day ticket, valid all day on all local modes of transport in Tyne and Wear, were introduced on 1 September 2008.
2.2	<p>Child CT reimbursement has remained constant since 2008 at around £4.4m to £4.5m per annum¹. This is despite:-</p> <ul style="list-style-type: none"> • Child CT fares have not increased since September 2008 (whilst RPI has increased by over 10%). • Child CT ridership has increased by 15% (from 9.3m to 10.7m) over the same period, the scheme having arrested the decline in child ridership that was observed prior to its introduction. • Child commercial fares have increased over this period by around 18% (weighted average) with all three large operators implementing a 10p price increase in their child commercial products since the ITA approved the

¹ Around two thirds of this is paid to the 3 large operators with costs contained at this level until the most recent increase in operator child commercial products



2012/13 budget in January 2012.

- More critically, the gap between the child CT fare and the child commercial fare has increased by around 40% and it is the difference between these two fares which drives reimbursement to operators.

3 Next Steps

Ridership and costs will be monitored closely during 2012/13. Further proposals may be required to contain expenditure in 2013/14 should ridership trends continue upwards. Ultimately, the price of the child CT fare is extremely sensitive to changes in operator commercial child products unless additional subsidy can be made available.

4 Potential impact on objectives

4.1 There is a risk that increasing the price of the child CT ticket will have an adverse effect on public transport usage amongst the under 16 age group. However, this is offset against the need to manage the Nexus budget at a time when funding pressures are particularly acute. At the prices proposed in this report however, this product remains extremely good value for money when considered alongside both the commercial operators' child product range and when viewed alongside other schemes across metropolitan districts beyond Tyne and Wear. The continuation of the scheme itself therefore has a positive impact on ITA objectives.

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