



AGENDA ITEM NO.

Report Cover Sheet

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| Name of Meeting: | Executive |
| Date of Meeting: | 22 nd October 2007 |
| Report Title: | Concessionary Fares Scheme from 1 April 2008 |
| Summary of report: | This report updates members on the progress of the existing concessionary fare scheme and advises members of the new national concessionary scheme which will require new passes to be issued. prior to 2008/09 |
| For Further Information Please Contact (report author): | Richard Barr, Audit and Risk Manager |
| Would the recommended decision be contrary to the Policy Framework: | No |
| Would the recommended decision be contrary to the Budgetary framework: | No |
| Wards of the District directly affected by this decision: | All |
| Key Decision? | Yes |
| Included within the Forward Plan? | Yes |
| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006? | No |
| Date and name of meeting when issue was last considered and relevant minute number: | N/A |
| Background Papers: | Minutes of County Group, legislation. Report to Culture and Social Policy Committee on the 5 th September – Assisted travel update. |

Consultation Undertaken

| Consultees | Yes/ No | Who |
|------------------|---------|-----|
| Other Committees | N/A | |
| Ward Councillors | N/A | |

| | | |
|--------------------------------------------------------------------------|-------------|---------------|
| Portfolio Holders | Yes | Cllr Pratt |
| Other Councillors | No | |
| Warwick District Council recognised Trades Unions | N/A | |
| Other Warwick District Council Service Areas | N/A | |
| Project partners | N/A | |
| Parish/Town Council | N/A | |
| Highways Authority | N/A | |
| Residents | N/A | |
| Citizens Panel | N/A | |
| Other consultees | N/A | |
| Officer Approval | | |
| Officer Approval | Date | Name |
| Relevant Director(s) | 1/10/07 | Mary Hawkins |
| Chief Executive | 26/9/07 | Chris Elliott |
| CMT | 26/9/07 | |
| Section 151 Officer | 1/10/07 | Mary Hawkins |
| Legal | | Simon Best |
| Finance | 26/90/7 | Mike Snow |
| | | |
| Final Decision? | | Yes |
| Suggested next steps (if not final decision please set out below) | | |
| | | |

1. RECOMMENDATIONS

- 1.1 That the report is noted and its contents be accepted.
- 1.2 That the concessionary fares scheme as proposed in this report be approved, and that the discretionary elements of the 2008 scheme be maintained the same as the 2006 scheme:
 - a) The Council to continue to be part of the County Scheme.
 - b) Time of the scheme to continue to commence at 9.00am and end at midnight.
 - c) Companion passes continue to be issued.
- 1.3 A supplementary estimate of £68,000 be approved in respect of additional expenditure in 2007/08 to fund the new bus passes. This will be matched by additional grant of £68,000 from the Department of Transport.
- 1.4 A increase in the budget of £104,000 be built into the revised estimate process for 2007/08 in respect operator reimbursement.
- 1.5 The demand for the scheme by disabled passholders before 9.00am on weekdays be investigated further, and discussions be held with Racing Club Warwick about the possible provision of a service before 9.00am.

2. REASON FOR THE RECOMMENDATIONS

The proposal meets the Council's statutory obligations for providing a concessionary fares scheme.

3. STATUTORY FRAMEWORK

- 3.1 The Transport Secretary has announced that the free off peak travel scheme would be extended to cover bus travel throughout England from April 2008 (the 2008 Scheme).
- 3.2 The current national scheme (2006 scheme) allows for persons over the age of 60, and specifically defined disabled persons to be able to travel free of charge on off peak local bus services within their travel concession authority (local borough/district council area for Warwickshire) on production of a valid pass. Travel can be made between 9.30am and 11.00pm weekdays, and at anytime on weekends and bank holidays. The pass has to be issued free of charge by the local Travel Concession Authority (TCA) which is usually the local authority (borough/district, unitary or Passenger Transport Authority (PTA)).
- 3.3 TCAs are able to make reciprocal arrangements with other TCAs to offer wider schemes of travel e.g. county wide schemes. Appendix A provides further details about discretionary concessions.

- 3.4 TCAs can charge for any enhancement to the national scheme – e.g. for countywide travel (pre-2006 the Council charged £10 for countywide pass). There can also be a charge for replacement passes, currently £10.
- 3.5 Reimbursement to operators is based on the principle that they should be ‘no worse and no better off’ from participating in the scheme, based on ‘revenue forgone’ evidenced by the operators, but with adjustments for generated journeys and additional costs incurred by the operator. The administration and audit of the reimbursement is undertaken by MCL acting on behalf of all of the TCAs in Warwickshire.

4. DEVELOPMENTS AT WARWICK DISTRICT COUNCIL

- 4.1 The districts and borough councils within Warwickshire set up, with the help of the County Council and a firm of transport consultants, a countywide scheme. The scheme provided eligible residents with free bus travel throughout the County of Warwickshire and beyond (the journey must start and/or finish in the County). The countywide scheme continued with Warwick District Council's previously-established enhancement to the scheme enabling free travel after 9.00 a.m. on Mondays to Fridays until midnight rather than the statutory time of 9.30 a.m. to 11.00pm.
- 4.2 However, because the scheme has had to be agreed as uniform across the whole of Warwickshire, the previous benefit for some disabled people of using their pass before 9 am had to be removed.
- 4.3 The enhanced bus pass concession enabling free travel throughout Warwickshire enabled the Council to withdraw its other bus pass options. At the same time it was decided to remove travel tokens and instead enter into a partnership with Racing Club Warwick to provide concessionary taxi travel for those residents previously entitled to taxi tokens i.e. not able to access public transport by virtue of a disability or aged over 60 and living in a rural location.
- 4.4 The number of people making use of their pass before 9.00am under the previous scheme (paragraph 4.2 above) is believed to be very limited. It is proposed that this be investigated further and discussions held with Racing Club Warwick about the possible provision of a service before 9.00am.
- 4.5 In addition, members of the community can also use the County Council's *Flexibus* scheme run on behalf of Warwickshire County Council by the A&M Group using a bus with special modifications. A report to the Culture and Social Policy Committee on the 5th September provided members with an update on the Assisted Travel scheme (copy attached Appendix B).
- 4.6 *Flexibus* is a bus service open to everyone but is particularly helpful to people with mobility problems as the bus is equipped with an electric lift to help passengers on board. A trained care assistant is on hand to help passengers on and off and to assist inside the bus.

5. THE 2008 SCHEME

5.1 National Travel

- 5.1.1 From April 2008, persons over 60 & defined disabled persons (as above) may travel on off peak local bus services in England between 9.30am and 11.00pm weekdays & anytime weekends and bank holidays.
- 5.1.2 Passes for the national scheme will be photo passes (though also in 'smart card' format), issued free of charge and will have a life of no more than 5 years. This will require all councils to issue new passes prior to the introduction of the new scheme.

5.2 Issuing the New passes

- 5.2.1 A highly experience project team has been established led by Richard Barr, Audit and Risk Manager. The team is using the councils PRINCE 2 methodology and have developed a comprehensive implementation plan. The project team has previous experience in delivering change and a similar team (same members) successfully implemented the 2006 scheme.
- 5.2.2 New photo passes have to be issued to match a national specification, so that they can be recognised by all participating bus operators throughout England. These will follow a common format, with provision for some local branding. They will also incorporate a security feature of either a hologram or a security laminate. The pass will be in the form of a live smartcard. As this will only be able to be read by a minority of bus operators, it will therefore be used as a flashcard in most cases. Passes issued to older persons and disabled people will be separately identified with a different coloured flash.
- 5.2.3 The DfT have drawn up framework agreements with suppliers to allow TCAs to purchase cards, equipment & services without the need to go through EU procurement processes. However, TCAs are not bound by these arrangements and can use their own suppliers and negotiate their own prices.
- 5.2.4 It is planned to issue the new passes to pass holders in March 2008 with the passes being posted to those who are eligible. Because the Council already holds all the information required for the new passes on individuals, including digitised photographs, people already in the scheme will not need to reapply. New customers will be able to apply for passes via the council's systems e.g. web access, telephone and face to face.

5.3 Reimbursement changes

- 5.3.1 The main change is that reimbursement to operators is based on the borough/district where the journey starts, not by which TCA issued the pass. Hence, for example, a current journey into Coventry and return would be charged to Warwick District Council, whereas from 2008, only the journey to Coventry would be charged to us, the return journey would be charged to Coventry. Similarly, anyone travelling into the District would be covered by their start authority and all return journeys would be charged to Warwick District Council.

- 5.3.2 Unless reciprocal or other arrangements are entered into with other TCAs, all local scheme enhancements would apply to outward journeys only. (All journeys solely within the District would automatically be covered.) This would mean, for example, pass holders may not be able to travel in another area before 9.30am, and that companion passes would not be recognised outside of the District, with the potential effect that a companion may be able to travel free with their 'care' to, say, Walsgrave hospital, but would have to pay the standard fare to return.

5.4 Advertising

- 5.4.1 There will be some national advertising by DfT, who also recommend supplementary local advertising. This will be important to identify local enhancements, and constraints.
- 5.4.2 As we currently work with the other TCAs in Warwickshire, and subject to decisions on local reciprocity, we will need to ensure that we are all publicising details at the same time or we could be creating more work for each other, especially as our borders are so close

We will also need to contact all current pass holders to advise of new scheme and need for new passes, and to gather any information required

5.5 Companion Passes

- 5.5.1 Companion & other local scheme passes will need to be sufficiently different to the national scheme (& to existing passes) to indicate clearly to pass holders and to operators their validity/applicable concession.

5.6 Costs/Funding

- 5.6.1 The DfT/Treasury has identified an additional £212m to cover the additional cost of the 2008 scheme. The Department for Transport has decided the additional money will be paid by special grant, rather than as an addition to formula grant. A consultation containing four possible distributions will be published shortly. There will be no contingency fund.

5.7 Additional discretions for special categories

- 5.7.1 If a TCA is considering offering a different timing, e.g. for certain categories of eligibility then our transport consultants have advised that this needs to be thought out carefully. The chosen timing will normally apply to all passholders in that TCA. The issuing of a minority of all day passes (e.g. special category) in an area that has chosen (for example) 09.30 can probably only practically happen, until fully smart, by issuing a second ID pass that is then included on the operator recognition sheet. Whether it needs to be or can be used outside of the issuing TCA's area before 09.30 needs to be discussed by all authorities in the scheme.
- 5.7.2 Any discretionary add-ons could be the subject of a separate agreement with operators under the 1985 Transport Act, and secondly, if a TCA is considering

allowing their local discretions to be used by non residents (e.g. allowing all day travel to visitors) that a TCA needs to ensure it has the powers to reimburse operators in respect of this additional cost and use its own resources to provide concessions to non-residents. Obviously where other TCA passholders are allowed the same add-on concessions countywide, there are reciprocal arrangements which negate these requirements.

5.8 Cost implications of travel outside the statutory times

5.8.1 Our transport consultants have been able to sample data from existing concessionary travel schemes where travel is allowed before 0930 hours. They have concentrated on the morning as the volume of concessionary travel after 2300 hours is very low. They have looked at two cases from the various schemes with which we are involved:

- a) Travel allowed from 0900 hours.
- b) Travel allowed at any time of the day.

5.8.2 From both types of scheme, the consultants have identified the proportion of all weekly travel made up by travel before 0930 hours. They have also looked at any urban/rural differential. The results are quite consistent in all cases although there is an indication that the proportion of travel before 0930 hours is very slightly lower in larger urban areas. The current pattern of travel is shown in Table 1 below.

Table 1
Current Travel Pattern

| Type of Scheme | Type of Area | Proportion of all weekly journeys before 0930 hours |
|-------------------------|---------------------|------------------------------------------------------------|
| All-day travel | Larger Urban | 11.6% |
| | Other | 13.1% |
| | Average | 11.9% |
| Travel after 0900 hours | Larger Urban | 5.2% |
| | Other | 7.0% |
| | Average | 6.0% |

- 5.8.3 If travel concessions were limited until after 0930 hours, the overall number of journeys made would not be reduced by the proportions shown above. Many journeys will simply transfer until after 0930 hours. This will be the case with almost all non-essential journeys.
- 5.8.4 Between 0900 hours and 0930 hours there will be relatively few essential journeys (work, medical appointments, social care, etc) and hence a large proportion of these journeys will transfer. Most essential journeys are likely to be made before 0900 hours by people who have to be at their destination at or before 0900 hours, thus involving a journey that starts before that time.
- 5.8.5 Of the journeys made between 0900 hours and 0930 hours, the consultants assume that 90% will transfer to after 0930 hours. Hence the total number of

concessionary journeys will reduce accordingly and the reductions are set out in Table 2 below. It is still likely that the essential journeys will be made and that a fare will be paid for these. Return journeys will be made in nearly all of these cases after 0930 hours and these will be made as free, concessionary journeys.

- 5.8.6 In the case of all-day schemes, the proportion of essential journeys will be greater and the consultants would therefore expect a lower rate of transfer of 75%. This figure is supported by some research they undertook a number of years ago when two of the schemes with which we were involved changed their timing policy.

Table 2

Reduction in Journeys arising from limitation to Statutory Times

| Type of Scheme | Type of Area | Reduction in weekly journeys |
|-------------------------|---------------------|-------------------------------------|
| All-day travel | Larger Urban | 2.9% |
| | Other | 3.3% |
| | Average | 3.0% |
| Travel after 0900 hours | Larger Urban | 0.5% |
| | Other | 0.7% |
| | Average | 0.6% |

- 5.8.7 Whilst the reductions show in Table 2 relate to journeys, these can be taken as a proxy for corresponding cost reductions.

5.9 Companion Passes

- 5.9.1 The average cost of reimbursement per pass holder varies between different schemes but is in the order of £60 per annum in predominantly rural areas and £140 to £160 in urban areas. Hence the rate of cost per companion would range from £60 to £160 depending on the type of area in which the pass holder concerned lives. Currently 165 companion passes are issued.
- 5.9.2 The transport consultants do not, at this stage, believe that the different cost allocation method that will apply after 1 April 2008 will vary these estimates greatly.

6. RECOMMENDED SCHEME

- 6.1 To achieve the aims of equality, financial prudence and simplicity for all concerned (user, TCA and operator) it is recommended that the discretionary elements of the 2008 scheme be maintained as with the 2006 scheme:
- a) The Council to continue to be part of the County Scheme.
 - b) Time of the scheme continue to commence at 9.00am.
 - c) Companion passes continue to be issued.

7. ALTERNATIVE OPTION(S) CONSIDERED

Discussed in the report.

8. BUDGETARY FRAMEWORK

8.1 The approved budget for 2007/08 is

| | |
|---------------------------|-----------|
| | £ |
| Supplies and services | 9,500 |
| Payments to the operators | 1,251,200 |
| Support Services | 141,000 |
| Total | 1,401,700 |

8.2 Funding for Smartcard Passes

8.2.1 The DoT has agreed to pay a grant of £4.00 per pass to each authority and this council will receive a grant of £68,000 (17,000 passes) in 2007/08. Early indications from suppliers suggest that that this grant should adequate to cover the production cost of the passes.

8.2.2 It is requested that a supplementary estimate be approved as follows;

| | |
|--------------------------------------------------|--------|
| | £ |
| Additional expenditure for supplies and services | 68,000 |
| Additional Grant income | 68,000 |
| Net expenditure | 0 |

8.3 Funding for 2007/08

8.3.1 The cost of scheme is based upon the actual usage by pass holders i.e. the more they use the scheme the more WDC has to pay. Revised estimates, based upon the first three months usage show a significant increase in the number of journeys and if this continues it is estimated that the total reimbursement to the operators for Warwick will be £1,355,000. A request for an increase in the budget will be built into the revised estimate process as these figures are still being worked on by officers. However, it is estimated that the increase in funding for 2007/08 will be approximately £104,000

8.4 Funding for 2008/09

8.4.1 The Department of Transport is working with the Treasury to explore the options for distributing the additional funding available for the 2008 national concession. It is expected that they will make an announcement very soon as to whether the funding will be distributed through the formula grant system or by special grant (via a formula).

8.4.2 It is not expected that the funding for new scheme will be ring fenced. There is no guarantee that the new funding will meet the cost of the new scheme.

Discretionary travel concessions in relation to England Section 93 of Transport Act 1985

Introduction

- Section 93 (s93) of Transport Act 1985 gives local authorities discretion to offer further travel concessions *in addition* to the statutory minimum provided for in the Transport Act 2000 (as, from April 2008, amended and supplemented by the Concessionary Bus Travel Act 2007).
- Local authority discretions include for example: free travel on trams, free travel before 9.30am, or free travel for companions of disabled people.
- Enhancements need to be funded locally.
- Power to make s93 schemes exists for all local authorities (not just travel concession authorities). The Council of the Isles of Scilly can make enhancements under section 2 of Local Government Act 2000.

Geographical extent of s93 schemes

- An individual authority can make a scheme covering journeys:
 - within its area;
 - between places within its area and places outside (but in the vicinity) of that area; or
 - between places outside (but in the vicinity) of its area.
- For example, this means that an authority can offer s93 concessions on cross-border services leaving or entering its area. The obligation to reimburse operators in respect of such journeys rests solely with the authority which made the s93 scheme.
- In addition, two or more local authorities can choose to act jointly to provide s93 concessions throughout the whole or part of the area covered by those authorities, and in the vicinity of that area.

Providing s93 concessions to non-residents

- Local Authority A may wish to provide s93 concessions to residents of Local Authority B. Best option in this case is for Local Authority A and Local Authority B to act *jointly* in making a s93 scheme.
- Reimbursement arrangements would then be agreed (and funded) jointly by the authorities.
- Local Authority A may want to act *unilaterally* in providing s93 concessions to residents of Local Authority B. Local Authority A would need to ensure it had the powers to reimburse operators in respect of the residents of Local Authority B, and that it could justify the use of its own resources to provide concessions to non-residents.