

REPORT TO CABINET

REPORT OF: Corporate Director Operational Services

REPORT NO. DOS 293

DATE: 10th October 2005

TITLE:	Travel Concessions
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 September 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Paul Carpenter Portfolio: Access and Engagement
CORPORATE PRIORITY:	Bus Pass Service – Priority Y Travel Vouchers Service – Priority Z
CRIME AND DISORDER IMPLICATIONS:	Minor
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available via the local democracy link of the Council's website.
BACKGROUND PAPERS:	Business Management Services – Travel Concessions

1. INTRODUCTION

The purpose of this report is to review the current travel concessions service, specifically in respect of the changes necessary as a consequence of the Chancellors Budget announcement. This announced free local bus travel for people over the age of 60 and disabled people from April 2006.

2. RECOMMENDATIONS

It is recommended that: -

- i. Due to the cost and the current categorization of the service, it is recommended that the service is introduced within the Council's existing policies and guidance.
- ii. The free bus pass should be introduced from April 2006. Customers will be written to informing them that the bus pass will be half fare from January to March and free from April to December.
- iii. The additional funding required to introduce the free bus pass be allocated.
- iv. There should be no time restrictions imposed, except where the bus operator has indicated that this would impact negatively on particular service routes, which may then result in significant additional expenditure for the Council. All services will be included from the minimum 9.30am start time. It is recommended that the Corporate Director for Operational Services should be allowed discretion to negotiate these exceptions with operators.
- v. Authority should be given to the Corporate Director Operational Services to assess and agree generation factors with respect to individual bus routes with operators.
- vi. Reimbursement arrangements with operators should be agreed in conjunction with the portfolio holder.

3. BACKGROUND

The current travel concessions service was introduced as a result of the Transport Bill 2000, which required the Council to introduce as a minimum, a concessionary half fare bus pass to enable the elderly and disabled to travel on local buses between the hours of 9.30am and 11pm, from April 2001.

The legislation permits an authority to offer an enhanced or alternative scheme to compliment the necessary minimum scheme. Initially, the minimum scheme was introduced, but after widespread opposition from customers an alternative of travel vouchers was commenced.

4. OBJECTIVES OF THE SERVICE

The service objective is to provide the elderly and disabled with assistance towards the cost of local travel by taxis and buses, in the form of either travel vouchers or a half fare bus pass.

It is currently statutory to provide the elderly, (men and women aged 60 years and above), and disabled people with a half fare bus pass for local travel within the district.

From April 2006 it will become statutory to provide the elderly, (men and women aged 60 years and above, and disabled people with a free bus pass for travel within the district.

This service supports the Council's shopping and working ambition in respect of enhancing economic activity within the District.

5. PRIORITIES

Currently the two strands of the service have differing priorities: -

Statutory Half Fare bus pass – category Y service – to provide statutory minimum only

Travel Vouchers – category Z service – to remove or reduce investment in the service

6. CUSTOMER PROFILE

There is currently the following customer profile entitled to concessions: -

Population Statistics Estimates

Age	No. of Persons
60-64	6,852
65-69	5,905
70-74	5,224
75-79	4,469
80-84	3,489
85-89	1,546
90+	824
Total	28,309

This year to date 65% of those eligible has claimed a travel concession.

7. CURRENT SCHEME CONDITIONS

The current scheme offers eligible residents a choice of one of the following: -

7.1 HALF FARE BUS PASS

This entitles the holder to unlimited amount of half fare bus journeys within the district. If used to travel from within the district but crossing the border the concession is available up to the boundary.

This is available to people over the age of 60 and disabled people. Once provided, bus passes do not have an expiry date, although the customer is able to transfer to travel vouchers during each new years issue.

7.2 TRAVEL VOUCHERS

This entitles the recipient to a fixed amount of travel vouchers that can be exchanged for travel on both buses and taxis on the condition that the journey either starts or finishes within the district.

Vouchers are available for people aged 60 years who are currently in receipt or disabled residents. From January 2006 new applicants for vouchers will need to be 70 years.

Vouchers are provided in denominations of £1. The value of travel vouchers received by the applicant is dependent upon the distance they live from their nearest town. The bandings are as follows: -

Category	£	% of issues	No. Issued
0-2 miles	18	75	9,896
3-5 miles	22	11	1,453
5+ miles	28	14	<u>1,777</u>
		13,126	

The vouchers are only valid for one calendar year. The majority of applicants reside within the 0-2 miles from town category, which traditionally enjoys the benefits of more frequent bus routes and access to taxis. The redemption rate for 2004 was 74%.

7.3 No. of Travel Concessions by Year

Year	Travel Vouchers Issued		Live Bus Passes		Total Customers
2001	9,114	68%	4,234	32%	13,348
2002	11,527	72%	4,533	28%	16,060
2003	12,641	72%	4,846	28%	17,487
2004	13,291	72%	5,142	28%	18,433
2005 to Aug	13,126	71%	5,352	29%	18,478

The above figures indicate that customer choice between the two options is consistent. 72% of those taking concessions chose vouchers and 28% choose a bus pass. It is not evident what the impact of providing a free bus pass will have on the above figures, although it is planned to consult with users of the service in the near future.

8. FINANCE

8.1 Bus Operators

There are currently six bus operators who accept both bus passes and travel vouchers on their vehicles. The law provides that they must accept bus passes, but they accept travel vouchers voluntarily.

The Transport Act 1985 provides that bus operators should be no better and no worse off as a result of the implementation of any concessionary fare scheme. Therefore, any additional travel as a result of increased frequency of journeys being undertaken or as a result of longer journeys being made is classed as "generated travel". A higher generation factor serves to reduce the payment to the operator, and thus the overall cost of the scheme. However, the correct factor

is difficult to ascertain and the overall effect of reducing payments to operators, who if suffer as a result, may simply reduce the number of bus routes they operate or pass on the effect of reduced income to customers in the form of increased fares.

Currently two levels of generation factor are applied. Routes are separated into rural, attracting a 0% generation factor and urban, attracting a 20% generation factor. This means that on rural routes the operator is reimbursed the whole of the half fare due, 50% from the Council, (the bus pass holder has paid the other half on boarding), whereas on an urban route they will receive only 33% from the Council and 50% from the customer. Therefore, actually receiving 83% of the total fare.

The overall effect of the generation factor on the budget therefore is significant.

The current average reimbursement for each bus pass is £20.56 per annum.

8.2 Audit problems with introduction of free bus pass

Currently reimbursement to operators is relatively easy. Reports of the half fares paid by customers are received from operators, if applicable the generation factor is applied and the necessary reimbursement is made.

However, with the introduction of a free bus pass there will be no half fare paid by the customer and therefore no ticket issued and report generated. This is a problem already highlighted by the bus operators as their equipment does not enable them to issue a ticket with a nil value. It is therefore necessary to work closely with the operators to ensure that a satisfactory system of reimbursement is introduced.

8.3 Financial Information

D51 Travel Vouchers

	2003/04 Out-turn £	2004/05 Out- turn £	2005/06 Original Budget £	2005/06 Revised Budget £	2006/07 Original Budget £	Notes
Employees	1,036	1,313	1,560	1,600	1,600	
Premises	75	75	90	100	100	
Transport	79	17	50	10	10	
Supplies & Services	10,951	11,309	13,750	14,000	14,000	
Support Services	6,319	6,818	5,880	5,880	5,880	
Travel Vouchers	181,306	197,525	200,000	210,000	210,000	
Income	-1879	-43				
	197,887	217,014	221,330	231,590	231,590	

D52 Bus Passes

	2003/04 Out-turn £	2004/05 Out- turn £	2005/06 Original Budget £	2005/06 Revised Budget £	2006/07 Original Budget £	Notes
Employees	-	-	100	3,100	20,100	Extra staff time
Premises	-	-	-	100	100	
Transport						
Supplies & Services	427	287	580	5,000	3,000	Consultation, customer information
Support Services	35,579	25,001	19,970	22,970	39,970	
Bus Passes	115,400	105,713	160,000	160,000	280,000 to 320,000	Increase due to free travel
	151,406	131,001	180,650	191,170	343,170 to 383,170	

Assuming introduction of free bus pass in April 2006

Total	349,293	348,016	401,980	422,760	574,760 to 614,760
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9. PLAN FOR INTRODUCTION OF FREE BUS PASSES (assuming travel voucher service remains constant)

Time	Action
October 2005	Place order for travel vouchers
October 2005 onwards	Liaise with bus operators regarding financial arrangements and introduction of the service & generation factor
October 2005	Consult with sample of users
November 2005	Write to all entitled residents explaining service changes and ask which service they would prefer
December 2005 /January 2006	Distribute vouchers by post to those choosing this option
December 2005	Give official notice to bus operators of alterations to scheme
April 2006	Introduce free pass
May 2006 onwards	Monitor usage and take-up

10. OPTIONS

Assuming the current service options remain static the following options for service delivery are available: -

- i. Introduction of free bus pass from April 2006 starting from 9.30am to 11pm, whilst keeping the half price bus pass for the period January to March.

Implications

- Many villages have few bus services which operate around the "school run", by excluding these from the service many users would not have a bus to use their pass on.

- ii. Introduction of free bus pass from April 2006 with no time restrictions, whilst keeping the half price bus pass for the period January to March.

Implications

- On some of the busier routes e.g. Bourne to Peterborough there may be too many passengers taking up this option as many of those entitled may use their pass to travel to work.
- Legally as an operator is to be no better or no worse off, then if this required extra buses as a direct consequence of the concessionary scheme, the Council would have to provide for this.

- iii. Introduction of free bus pass from January 2005, in line with issue of travel vouchers.

Implications

- The travel concessions service currently operates from January to December. Each January current users have the option to choose which element of the service they would prefer for the year. Those opting for a bus pass would need to be aware of the changes during April.
- Introduction during January could have a budget implication of £35,000.

11. OPTIONS AVAILABLE TO MODIFY THE SERVICE PROVIDED

- i. To discontinue the provision of travel vouchers to contribute to the funding of free bus passes

Implications

This was originally tried when the bus pass was first introduced and resulted in many complaints from customers. The main issues were:

- Buses are not widely available or frequent in some areas of the district
- Many elderly and disabled customers find buses difficult to use and therefore use vouchers on taxis

- ii. To limit the provision of travel vouchers to those residing in area with few or no buses and the disabled.

Implications

- This would prove unpopular with those who currently choose the travel voucher option, 9,896 customers. Many of which would no longer be eligible.

12. COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

The additional funding will need to be built into the budget for 2006/07, as this is a statutory service.

13. COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

No comments as the report responds to the changes in legislation relevant to the duties of the District Council concerning concessionary travel.

14. CONCLUSION

The current service is popular with current users and tailored to suit both those with favourable bus services and gives those who cannot use a bus an alternative of taxis.

The introduction of a free bus pass itself causes no administrative problems with the customer as the current pass can still be used.

There are administrative problems regarding reimbursement to operators which will require working with each operator to come to a satisfactory and auditable arrangement.

Legally the minimum scheme does not have to be provided before 9.30a.m., however this poses a problem for those users with few buses often geared around this time of day. Conversely, some operators would prefer not to fill their buses at this busy period with concessionary fares.

The generation factor on individual routes will need to be assessed and agreed with operators.

The financial impact of providing a free service compared with a service where the customer is expected to contribute half is difficult to measure, as is the number of customers who will transfer from receiving travel vouchers to a free pass. Consultation with users would be the only way to ascertain the likely impact.

A large proportion of those customers who currently do not receive a concession and will not be entitled to claim travel vouchers until they are 70 years (an average of 1890 entitled per year), may claim a free bus pass for 10 years rather than receive no concession.

65% of the eligible population currently claims a concession, of these travel vouchers are more popular, representing 71% of concessions issued, even though this is a category z priority. 9,896 of those receiving travel vouchers reside up to 2 miles from their nearest town, which is usually better served by bus routes.

15. CONTACT OFFICER

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