

REPORT TO COUNCIL

REPORT OF: CABINET

REPORT NO.: CHFR72

DATE: 6th September 2007

TITLE:	Concessionary Travel Bus Pass – M Service Travel Vouchers – Z Service
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	1 May 2007
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key Decision/Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Mrs Maureen Spencer-Gregson – Assets and Resources Councillor R Auger – Access and Engagement	
CORPORATE PRIORITY:	Concessionary Travel Bus Pass – M Service Travel Vouchers – Z Service	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report will be publicly available on the Council website at www.southkesteven.gov.uk	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Yes	Full impact assessment required? Yes
BACKGROUND PAPERS:	Department for Transport briefing papers are available at www.dft.gov.uk CHFR65	

INTRODUCTION

1. With effect from April 2008 the national (England only) concessionary travel scheme comes into operation. As a consequence it is necessary to review the current schemes in operation in South Kesteven.

At it's meeting on 6th August 2007 Cabinet made the following decisions:

- Notes the implementation of the national concessionary travel scheme as set out in the national framework, which will come into effect from 1 April 2008
- Seeks the inclusion of South Kesteven District Council into the Lincolnshire Concessionary Travel Scheme with effect from 1 April 2008 subject to the conditions of joining the operation being to the satisfaction of the s151 Officer and grants delegated authority to the Resources and Assets Portfolio Holder to enter such an agreement
- Recommends to Council that the cessation of the travel voucher scheme is approved with effect from 1 January 2008 and to ease transition to the new national scheme, to permit residents to redeem vouchers until 31 March 2008
- To seek by virement the additional funding (£75,000) from savings in other areas. If this is not sufficient, approval is given by Council to provide for the funding from the Capacity Building Reserve in order to specifically finance:

Temporary additional resources in customer services in order to be able to respond to all forms of customer enquiries

Temporary project management and delivery resources to ensure the smooth implementation of the national scheme

DETAILS

Appendix A (extract of CHFR65) to this report provides full details of the current concessionary travel arrangements at South Kesteven in respect of the travel voucher service and the current bus pass service. It is stated in the report that the national (England only) concessionary travel scheme comes into operation in April 2008 which will provide free unlimited bus travel for eligible residents of South Kesteven.

RECOMMENDATION

Council is asked to:

- Approve the cessation of the travel voucher scheme with effect from 1 January 2008 and to ease transition to the new national scheme, to permit residents to redeem vouchers until 31 March 2008.

COMMENTS OF SECTION 151 OFFICER

My comments are contained in the body of the report contained at Appendix A. I can confirm that the additional one-off funding request of £75,000 can be financed from current years salary underspends and a virement will be undertaken. Therefore there will be no requirement to seek approval for use of the Capacity Building Reserve.

COMMENTS OF MONITORING OFFICER

My comments are contained in the body of the report contained at Appendix A.

CONTACT OFFICER

Richard Wyles – Service Manager, Finance and Risk Management
01476 406210
Email: r.wyles@southkesteven.gov.uk

Appendix A

Mandatory Concessionary Travel Scheme

2. From April 2008 the national (England only) concessionary travel scheme comes into operation. This new scheme will allow a resident (who meets the eligibility criteria – aged 60 and over or disabled people (as defined in section 146 of the Transport Act 2000) to apply for a bus pass card which will entitle them to free unrestricted local travel in England. This represents a significant service improvement from the current arrangement of free travel within South Kesteven boundaries. From April 2008 reimbursement of bus operators by local authorities will be linked to where the trip starts so the Council will be required to reimburse operators for all trips starting in its area that are covered by the statutory minimum concession regardless of where the pass holder resides. Whilst it is proposed that there will be some government funding through the grant mechanism to support the operation of the scheme, it is considered unlikely this will meet the full cost of operating the scheme. Therefore this will place a significant cost on the Council for budget 2008/09 and beyond and so it is proposed that only the mandatory scheme is adopted from 2008. The mandatory scheme allows travel by a pass holder between the hours of 9.30am to 11pm Monday to Friday and all Saturday and all Sunday (excluding carers). This can be reviewed once a full year of costs are known.

Travel Vouchers - Background

3. The Council introduced a discretionary travel voucher scheme as an alternative to the statutory bus pass scheme in 2001. At that time the criteria for eligibility was the same as the bus pass scheme, The main reasons for providing an alternative scheme was in response to the concerns raised by residents following the imposition of 'South Kesteven travel only' for the bus pass scheme (in order to receive subsidised travel). This restriction was particularly felt in those areas of the district where the main shopping area was outside of district boundaries.

Travel Voucher scheme details

4. Since January 2006 the scheme has only been available to new residents (joining the scheme) who are aged 70 and over (disabled criteria remaining the same). This change of policy was in response to the Council declaring this particular element of concessionary travel a 'z' service (managed disinvestment). However since this date the service has not budgeted to deliver any of the savings anticipated due to the demand led nature of the service. However the table shows that in real terms savings of over £20K have been achieved over the last 3 financial years.

Travel vouchers are valid for one calendar year and can be used for travel for both service buses and taxis (who have decided to accept the vouchers). They are issued in £1 denominations within specific bandings based on the distance the resident lives from the nearest town:

0-2 miles £18 (per annum)
2-5 miles £22 “

5+ miles £28 “

The table below identifies the costs of providing travel vouchers for the last 3 financial years with associated redemption rates:

Financial Year	No. voucher booklet issued	Amount of vouchers issued	Actual amount of vouchers redeemed	Redemption rate
2004/05	£18 – 10,019 £22 – 1,461 £28 – 1,866	£264,732	£198,782	75%
2005/06	£18 – 10,019 £22 – 1,461 £28 – 1,866	£271,486	£187,939	69%
2006/07	£18 – 10,019 £22 – 1,461 £28 – 1,866	£250,686	£179,815	72%

For 2007/08 the budget for this service is £200,000 which it is estimated will meet the reimbursement costs up to and including 31 December 2007.

From the above table it can be seen that over 13,346 residents (approx.75% living in town centre area) applied for vouchers in 2006 and a total 9,609 actually used them. This figures compares with 9,000 bus passes currently in circulation (although the number actually being used is currently unknown as the current lack of technology in both the cards and the buses is unable to monitor specific usage).

New Bus Pass arrangements

5. The new national (England only) bus pass scheme, which comes into effect from April 2008, will enable eligible residents to receive a national bus pass entitling them to free unlimited national travel. As stated above, the costs fall on the authority where the journey commences so will be a major cost impact for the District Council. From a resident perspective this fundamental change of usage completely removes one the key usage restrictions of the current bus pass (i.e. within border free travel). It is expected that the number of passes issued and the associated usage will significantly increase putting a considerable budget pressure on the Authority from 2008/09.

Funding Arrangements of new scheme

6. At this stage the additional cost this will place is unknown but prudently it is anticipated that the budget could increase by 100%. Therefore the anticipated budget allocation required for the mandatory scheme is approximately £800,000. The Government has set aside a specific sum to financially assist local authorities but it is unclear how this additional cost will be funded or indeed whether the costs of the service will be fully met (as it is a demand led service). Due to the high risk of significant costs associated with the new scheme it is proposed that the discretionary

element of the service (travel vouchers) is withdrawn from 1 January 2008. This proposed change of policy can be reviewed after a year once the costs of delivering the mandatory arrangements are known.

OTHER OPTIONS CONSIDERED AND ASSESSED

7. The Council must introduce the statutory concessionary travel scheme and whilst it may consider introducing additional alternative schemes, any of these would not fall within the Councils agreed priorities as any discretionary concessionary travel schemes is a 'z' service (managed disinvestment).

County Scheme

8. Cabinet will be aware that currently all Lincolnshire authorities, with the exception of South Kesteven, jointly participate in the Lincolnshire Scheme for the concessionary travel arrangements. East Lindsey District Council is the lead partner and a travel consultant has been appointed to manage the reimbursement scheme and collect and manage data from the bus operators.

At the time of the formation of the Group, South Kesteven declined the invitation to join largely due to the issue of cross border travel and the potentially significant costs the Authority would incur if cross border travel was permitted. This was a particularly relevant issue in the south of the district where a high volume of South Kesteven residents use the bus services to Peterborough. However with effect from 1 April 2008 the national bus pass scheme comes into effect which does not allow for border restrictions (England only) and as such, the cross border issue that had prevented participation in the County scheme is removed.

There are a number of advantages and, potentially, disadvantages for joining the Lincolnshire scheme that need to be considered before the decision to join can be made. These are:

Advantages	Disadvantages
All negotiations with the bus operators will be undertaken by the travel consultant	Management cost incurred for participation in Lincolnshire scheme (although this will be offset against internal costs currently being incurred for scheme administration)
All operator reimbursements will be undertaken by the travel consultant	
Any scheme appeals will be handled by the travel consultant fully utilising both their specialist resources and their expertise	Lack of clarity whether current locally determined arrangements with operators can be maintained or whether adoption of County arrangements will be imposed
Robust audit of scheme to ensure generation factor level remains valid and	Enhanced risk of appeals by bus operators may be realised (Lincolnshire

<p>appropriate</p> <p>Closer scrutiny and monitoring of generation factor levels taking into consideration all of the Department of Transport model requirements</p> <p>Mitigation for the need for additional staff resource to operate the enhanced scheme.</p>	<p>scheme currently has 7 appeals whilst South Kesteven's currently has none</p>
---	--

OTHER OPTIONS CONSIDERED AND ASSESSED FOR ADMINISTRATION OF SCHEME

9. The alternative option is for the District Council to continue the current arrangement of operating and administering the concessionary travel scheme at 'local' level. Whilst this has worked successfully over the last few years it obviously has internal resource cost implications as the implementation of the new scheme will mean greater resource requirements for scheme administration. The costs involved in the scheme currently are the casual staff costs of auditing the scheme (circa £5,000) and the internal staff costs of negotiation and reimbursement. For the 2007/08 budget this figure was costed at £6,000 (excluding management time). However the 2008 scheme will potentially double the amount of time needed for reimbursement work of which there is currently no internal resource available.

COMMENTS OF SECTION 151 OFFICER

10. There are a number of financial implications arising from the introduction of the new statutory concessionary travel scheme which need to be considered in the light of the broader financial constraints and pressures that the Council faces for 2008/9 and beyond. These constraints and pressures are articulated in the proposed Medium Term Financial Strategy report elsewhere on the agenda.

Guidance on the implementation of the new scheme is continually being released by the Department for Transport, therefore, at this stage it is difficult to fully evaluate the potential financial implications. However, the set up costs are currently estimated at £150k to cover new software for data collection; re-issue of cards; and procurement of smart card technology. The smart card technology will provide for robust data capture for management purposes and will provide a greater level of security and integrity in the system. Government funding under section 31 of the Local Government Act 1972 is currently estimated to be £36k, a budget provision of £50k has already been approved by Council in the 2007/8 budget, it is proposed the balance will be funded from the supplementary estimate request for £75k referred in this report.

It is difficult to estimate the financial impact of the ongoing operation of the scheme at this stage as the level of government funding is not likely to be announced until the outcome of the comprehensive spending review 2007 and the grant settlement both due in October and December respectively. Whilst the additional cost of the scheme is prudently estimated to be a further £420k it is unclear how much the Council will receive, it should be noted Government are proposing a budget of £212m available within England for all 291 Travel Concession Authorities.

With regard to the participation in the Lincolnshire scheme, I will oversee the negotiations and keep the Portfolio Holder briefed and will update members accordingly.

COMMENTS OF MONITORING OFFICER

11. The Concessionary Bus Travel Act 2007 received royal assent on the 19th July 2007. By virtue of this act, anyone to whom a current statutory travel concession scheme permit has been issued and who travels on an eligible journey on an eligible service will be entitled, on production of a permit, to a concession consisting of a waiver of the fare for the journey by the operator of the service.

It is proposed the provisions of the act are commenced in April 2008

CONTACT OFFICER

Richard Wyles – Service Manager, Finance and Risk Management
01476 406210
Email: r.wyles@southkesteven.gov.uk