

Agenda Item

Executive Board

7 February 2007

DP/KC



Concessionary bus travel 2008

Summary

The Concessionary Bus Travel Bill is progressing through Parliament. When operative in 2008 it will provide those aged 60 and over, together with disabled people, free bus travel on local services anywhere in England. The existing statutory entitlement allows these groups to travel for free, but only on buses within their local authority area.

An additional sum will be made available by the Government to pay for the scheme. It has not yet been announced how this sum will be allocated.

The Bill also provides for the Secretary of State, by order, to centralise reimbursement and/or other administrative functions by way of transfer of those functions from Travel Concession Authorities to the county council or to the Secretary of State.

Recommendation

That the Councils advise the Departments of Transport and Communities and Local Government of its support for the proposition that concessionary travel reimbursement and administrative functions be centralised with the transfer of responsibility for these functions from Travel Concession Authorities

a) Reasons for Recommendation

To remove the potential for a mismatch in the funding and cost of operator reimbursement and to achieve efficiency savings

b) Alternative Options

Should the responsibility, reimbursement and administrative functions be left with Travel Concession Authorities then reimbursement should be on the basis of actual expenditure incurred and not through the Revenue Support Grant mechanism.

c) Risk Considerations

The major risk to the Council is the requirement to fund a mismatch between the amount received from the Government and that paid out to bus operators.

d) Policy and Budgetary Considerations

These will not be known until decisions are taken by the Government.

e) Date for Review of Decision

The position will be monitored with further reports as necessary to the Executive Board in the period leading up to the operative date for the national free travel scheme from April 2008.

1 Main Body of the Report

- 1.1 The half fare concessionary bus travel scheme was introduced in 2001-02 with an additional £54m added to the Revenue Support Grant. A further £50m was provided in 2003-04 for the cost associated with the impact of age equalisation.
- 2.1 In 2006-07 £350m (Barnet formula applies) was made available to cover the extra cost arising from the introduction of the national free local off peak travel scheme.
- 2.3 The Concessionary Bus travel Bill had its second reading in the House of Lords on 12 December, and Grand Committee on 8 January. The next stage is Report in the Lords.
- 2.4 The Concessionary Travel Bill will guarantee that everyone aged 60 and over will in England, and disabled people in England, will get free off-peak travel on all local buses anywhere in England from April 2008. The existing statutory entitlement allows these groups to travel for free, but only on buses within their local authority area.
- 2.5 The bill will achieve social inclusion benefits for older and disabled people in allowing them greater freedom to travel, for free, by local bus. This is a key part of the Government's wider recognition of the importance of public transport for older and disabled people, and the role access to transport has to play in improving social inclusion and maintaining well-being.
- 2.6 The Bill's provisions would:
- Guarantee free bus travel for those eligible from 9.30am to 11pm on weekdays and all day weekends and bank holidays, across England.
 - Provide the power to expand the scope of the concession to further categories of people and/or other modes of public transport.
 - Allow flexibility for Ministers to change the mechanism for reimbursement of bus operators and enable streamlining of the administration of concessionary travel.
 - Retain Ministers' ability to adjust the scope of the concession via regulations
 - Enable authorities to continue to be able to offer benefits above the statutory entitlement to their residents, such as travel before 9.30
- 2.7 In 2008-09 a further £250m (approx £210m ex Barnet formula) is being made available by the Department of Transport (DfT) to resource the additional costs associated with the change to free of- peak travel within England. At present it is expected the sum will be added into the Environment, Protection and Cultural Services (EPCS) block for distribution as part of the Revenue Support Grant, but the DfT and Department of Communities and Local Government are open to alternative options.
- 2.8 The latter proposal is of obvious concern to Travel Concession Authorities (TCAs), like East Devon, presently responsible for funding free travel as the mechanism employed does not take account of the unique or specific needs of individual authorities. The distribution of the extra resources made available for the 2006 free travel scheme illustrates the point, with some TCAs benefiting and others suffering a net loss.
- 2.9 The Revenue Support Grant formula relies heavily on resident population, together with social and economic factors, for the distribution of resources. It is not a sensitive tool recognising for example, the range and frequency of the bus service or the actual usage by eligible groups

- 2.10 The South West region has the largest eligible population of concessionary fares residents in England (21.9%) and is also the number one destination for visitors accounting for some 27% of visitor nights. With TCAs being responsible for reimbursing operators for all journeys originating within their district there is a danger of perpetuating, if not compounding, the deficiencies in the present funding arrangements.
- 2.11 The Bill provides the Secretary of State with the power to centralise reimbursement and/or other administrative functions, such as the issue of permits and enforcement powers. That centralisation can be carried out by way of transfer of these functions from TCAs to the relevant county council, or simply by way of transfer to the Secretary of State.
- 2.12 Research commissioned by the Government Office South West, prior to the introduction of the 2006 free travel scheme, concluded that the additional resources to be made available to the south west TCAs would be broadly in line with the increase in reimbursement costs. However there would be localised mismatches, with some TCAs benefiting and other suffering a net loss and that the difficulties would be minimised by a regional scheme with pooled funding.
- 2.13 With the Council having no control over the level of central government funding and less discretion than currently to bring a local difference, and accordingly cost, to the scheme there is a strong argument for removing the local tax payer from the equation. It has to be remembered that any shortage between what is received and paid to operators has to be raised locally.
- 2.14 In addition to the issue of reimbursement the present arrangements fail to tick the efficiency box with 44 authorities in the South West each having a responsibility for funding concessionary travel. Whilst the actual number schemes are lower, through joint working, there are still 13 bodies with separate teams dealing with financial and administrative arrangements.
- 2.15 Likewise bus operators are faced with the prospect of dealing with a number of TCAs, negotiating separate reimbursement package, for the collection/provision of data, ticketing and a range of other administrative tasks. Even smaller bus company operate across district boundaries, and it would not be uncommon for them to have to negotiate and deal with 3 or more separate TCAs.
- 2.16 A working party from the GoSW have been considering a range of options for concessionary fares funding covering:
- Continuation of present arrangement with funding through EPCS
 - A combination with existing funds being distributed via EPCS and with the additional 2008 monies being allocated on a 'top up' needs basis
 - Reducing the number of schemes by transferring responsibility for reimbursement and administrative arrangements to:
 - Transport authorities
 - GoSW or some other regional body
 - DfT
- 2.17 In view of the potential for a mismatch in funding and, to a lesser degree, to deliver efficiencies, it is proposed that the council supports the proposition that responsibility for reimbursement and administration of concessionary fares be transferred from TCAs and that a regional scheme be established, or as a minimum responsibility to be vested with transport authorities.
- 2.18 Further reports will be presented to the Executive as matters are determined.

Legal Implications

There are no legal implications requiring comment at this stage.

Financial Implications

There are a number of issues to be determined before an assessment can be made of the financial implications of the 2008 concessionary travel scheme. The Bill provides for TCAs to be the responsible body, although the Secretary of State, by order, can centralise reimbursement and/or administrative functions by transferring responsibility to the county council or the Secretary of State.

There is further debate on the methodology to be used for the allocation of resources.

Consultation on Reports to the Executive

The issues raised in the report have been discussed with representatives of Devon authorities and meeting coordinated by the Government office South West.

Background Papers

- Concession Bus Travel Bill
- Working papers file

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