



Report to: Cabinet

Subject: Concessionary Fares – New Scheme from April 2006

Date: 6 October 2005

Author: Head of Finance on behalf of Chief Executive

1. PURPOSE OF REPORT

To inform Cabinet of the preferred option for concessionary fares provision in Nottinghamshire from April 2006, to seek approval to enter into agreements with scheme partners and transport providers and to publish the new scheme on 1 December 2005. The proposals in the report follow a major policy change introduced by Central Government which will have significant implications for Nottinghamshire.

2. BACKGROUND

In the Budget speech on 17 March 2005, the Government announced free off peak local bus travel, to be made available from April 2006, for those aged 60 or over and for people with disabilities and additional funding of £350m. This requires District Authorities (the Travel Concession Authority – TCA) to provide free local travel within their district area, on bus services only from 9.30 am, as opposed to the current half fare scheme.

3. CURRENT NOTTINGHAMSHIRE SCHEME

The Transport Act 2000 (s145 to s150) provided for a national minimum standard for local authority concessionary travel schemes. Within the TCA area, senior citizens and people with disabilities in possession of a bus pass must be offered, as a minimum, half-fare travel on local buses from 9.30 am to 11.00 pm Monday to Friday with no time restriction on weekends and Bank Holidays. Authorities are free to offer more generous schemes or alternatives (eg tokens) under their Transport Act 1985 powers.

4. The current Nottinghamshire Concessionary Partnership Scheme exceeds the statutory minimum requirements in the following areas:-
 - Multi modal travel (bus, rail, community transport, tram)
 - Countywide and inter-county travel at half fare
 - No time restrictions on any day
5. The Partnership agrees that the current scheme significantly benefits all Nottinghamshire elderly and disabled residents in line with the following policies and strategies:-
 - Access to Services
 - Social Inclusion
 - Community Strategy
 - Promoting Public Transport
 - Integrated Transport Strategy
 - Sustainable Transport Network
 - Healthy and Independent Living
6. The cost for the Nottinghamshire scheme in 2004/5 was £2.483m. The Districts funded the statutory element of £1.130m. The discretionary element of £1.353m was funded by the County Council (£676k) and the Districts (£677k). The total value of the travel being £8.280m when on bus revenue and operator discounts are included. The cost of travel to Gedling Borough Council 2004/2005 was £290k.

7. **NEW NATIONAL MINIMUM STANDARD**

The 2005 budget announcement makes changes to the level of statutory concessionary travel by replacing the minimum half fare by free travel. The new statutory minimum schemes must be in place for 1 April 2006 (to be confirmed) and satisfy the following criteria:-

- District authorities retain the statutory duty to provide a free scheme.
- Free local bus travel within the TCA for elderly and disabled persons.
- Bus only travel.
- Travel only between 9.30 am and 11.00 pm Monday-Friday and all day at weekends and bank holidays.
- Scheme to be published by 1 December 2005

- Reimbursement arrangements to be determined locally on the established basis of operators being no better or worse off as a result of the scheme.
8. The change to requirements anticipates that enhancements to the minimum duty will be made but funded locally. The current half fare scheme therefore must be modified to meet the new regulations which will be published in the autumn.
9. However, there are a number of concerns for local authorities relating to the introduction of the free scheme as follows:-
- The budget provision from DfT has not been clarified or guaranteed but is expected to be in the order of £350m nationally. The impact of local levels of this funding is not yet determinable.
 - The scheme and associated funding is for local bus travel only after 9.30 am and does not take account of the need to travel outside district boundaries to access key services.
 - Local authorities will have to agree financial arrangements for any scheme by September/October 2005 in order to implement changes ready for April 2006 (Under the Transport Act 2000 local authorities must publish proposed arrangements four months in advance of the start of the new scheme).
 - The new scheme is restricted to bus travel from 9.30 am Monday – Friday and all day weekends and bank holidays and does not cover all forms of local travel including local rail, tram and community transport services. In some areas this could significantly distort or limit travel choice for citizens, and consideration is being given to maintaining these additional facilities at half fare.
 - Guidance is required from the Government on the assumptions about travel generation and reimbursement levels so that consistent assessments can be made across England. Formal guidance has not been given on generation and elasticity of demand factors considered appropriate for free bus travel schemes. The DfT has formed a working group to discuss these issues and prepare guidance for TCAs which will be available late autumn 2005. The County Council is represented on the Group.

10. PREFERRED SCHEME FOR NOTTINGHAMSHIRE AND COSTS

The Nottinghamshire Local Government Association (LGA) meeting on 15 July 2005 examined the following options for future scheme delivery:

1. Current half fare scheme uplifted to a Countywide free scheme from 9.30 am with half fare travel before 9.30 am.
2. Free bus/tram travel within the resident's LTP area (Greater Notts or North Notts) from 9.30 am with half fare within and between the two areas before 9.30 am.
3. Free bus/tram travel within the district area from 9.30 am in addition to the current Countywide half fare scheme without time restriction and multi-modal.

Half fare travel for all the options will be available on rail and community transport without time restriction

11. The options have been assessed against a benefits matrix of factors complementing the respective policies and priorities for the participating authorities. It was agreed that option 3, a minimum statutory free scheme within the TCA with the current half fare countywide scheme, be provided. This is to include the existing discretionary half fare concession for local rail, tram and community transport services, on the assumption that the new scheme will be fully funded by the current and new statutory allocation on top of the funds allocated by partners for the discretionary element. The scheme is to operate for one year and will be reviewed for 2007/08 in light of cost and operational experiences.
12. The Government is currently consulting on the formula for distributing the additional £350m, and indicative allocations have been shown for each TCA in the consultation document. The consultation on proposals ends on 10 October; therefore a decision on the actual additional funding allocation to be received from Government for the free scheme may not be made until late 2005. The new funding will go to District Authorities to finance the statutory minimum scheme.
13. Initial discussions with operators have resulted in a provisional offer of a fixed funding scenario for year 1 (2006/07) avoiding the high risks associated with implementing the new scheme, additional take up, number of journeys and resources. This will enable the Partnership to minimise risks and enable a full operational review to be undertaken in autumn 2006.

14. **IMPLEMENTATION AND MANAGEMENT**

It is proposed to continue the Nottinghamshire Partnership Scheme, led by the County Council, which is highly efficient in that eight councils are working in partnership effectively, to ensure their citizens receive a high quality and user-friendly service. This has been achieved through the pooling of resources and the single management of the scheme. The Nottinghamshire Partnership scheme currently offers greater choice for travel, providing half fare concessions before 9.30 am and with no evening restriction. Additionally the scheme significantly benefits from the “freedom card” bus pass system which helps minimise fraud, improves audit and financial controls, reduces the need for substantive surveys and ensures correct payments are made to the transport operators for trips made and revenue foregone. The Partnership has agreed that additional management costs of £20k will be required to support the new scheme. An additional member of staff will be appointed by the County Council to provide this support within the current management arrangements.

- 15 Marketing and publicity will be key in ensuring that the message sent to users is “you have what you have got now – plus free travel within your District”. An effective marketing plan will ensure users are aware of their new travel opportunities and how to make best use of the new arrangements.

16. **FINANCIAL IMPLICATIONS**

Inevitably the new scheme will cost more due to increased participation and higher payments to the operators for revenue foregone. The costs of the new scheme will be determined following confirmation of the new funding allocations to local authorities. The County Council will maintain its current level of contribution towards the discretionary element of the scheme. In addition, set up costs of approximately £250k and additional management costs of £20k will be shared by the Partnership. It is uncertain as to the final impact on Gedling Borough Council's net budget as this is very much dependant on the distribution and adequacy of the additional central government funding of £350 million.

17. **RECOMMENDATION**

It is **RECOMMENDED** that Cabinet, subject to the appropriate funding being allocated, approve:-

- a) the basis for the new one year Concessionary scheme from April 2006 based on option 3.
- b) the publication of the new scheme by 1 December 2005;

- c) new Partnership agreements with the District Councils and Transport Operators;
- d) a review of the scheme during 2006/07 and the preparation of proposals in autumn 2006 for a permanent scheme from April 2007;

Background Papers Available for Inspection

Discussion Paper for Notts LGA Meeting – 15 July 2005

LGA – PTC letter to the Secretary of State for Transport – 19 July 2005