

ENVIRONMENT SCRUTINY PANEL	Agenda Item No.
16 APRIL 2009	Public Report

Report of the Executive Director - Operations

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CONCESSIONARY BUS FARE SCHEME UPDATE

1. PURPOSE

The purpose of this report is to detail the future of the council's Concessionary Travel Scheme.

2. RECOMMENDATIONS

2.1 Considering the negative budget variance (as detailed at 5.2) Scrutiny Panel to recommend the following to the Cabinet Member for the Environment:

- no change is made to the concessionary bus fare Scheme in Peterborough at this time;
- undertake a further review should additional funds be provided to enhance the Scheme; and/or
- consideration to be given to trialling an enhanced Scheme for a period of one, three, six or twelve months to ascertain usage and true costs prior to making a decision on a permanent enhancement to the current Scheme.

3. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

The number of concessionary passenger journeys directly relates to the number of bus passenger journeys which in turn impacts on National Indicator 177 of the Local Area Agreement.

4. BACKGROUND

4.1 Prior to 1 April 2006, a county wide half price Scheme was offered to eligible residents in Peterborough with no time restrictions. From 1 April 2006, following changes to legislation this was changed to free fares within district which was subsequently amended to free fare within the Peterborough and Cambridgeshire districts from 1 October 2006. Both of these Schemes restricted the time in which pass holders could use their passes.

4.2 Following changes to legislation the council had a statutory requirement to offer free fares on local bus services in England. From 1 April 2008, the Scheme offered to eligible residents in Peterborough is free travel on all bus journeys within England from 9.30am-11pm Monday to Friday and all day Saturday, Sunday and Bank Holidays.

4.3 Blind or visually impaired pass holders have had no time restrictions on the use of passes prior to 1 April 2006 to date.

4.4 At Environment Scrutiny Panel on 20 September 2008 it was agreed to receive a further report on extending the Scheme:

- widening the Scheme from 9.30am to 9.00am

- offering reduced fares between 9.00am and 9.30am

It was subsequently agreed with the then Director of Environment and Community Services to widen the scope of the review to include:

- Complete removal of time restrictions;
- Free travel on Local Link services at all times;
- Consider if the above options should be available for all pass holders or particular groups eg disability pass holders only.

Further to this, at the Council meeting on 10 December 2008, the Cabinet Member for Environment was asked to consider allowing carers of disabled people who qualify for concessionary bus travel to travel for free whilst accompanying the person in their care. It was agreed that officers would investigate costs associated with offering a 'Companion Pass' and the detail on this is covered by this report.

5. KEY ISSUES

Funding

- 5.1 From 1 April 2006 bus operators and neighbouring district authorities entered into a partnership which involved some operators receiving capped payments and authorities committed to paying agreed annual payments. This arrangement limited the costs of the Scheme to the council. This arrangement ceased on 31 March 2008 and bus operators are no longer willing to cap the payments they receive. From 1 April 2008, reimbursement to operators is demand driven, but the additional funding the council receives from central government is fixed until 2010-11. Funding levels from 2011-12 onwards are yet to be determined. The table below details funding to 31 March 2011.

2008-09	2009-10	2010-11
£716,775	£731,680	£753,966

- 5.2 The table below gives the current budget situation for 2008-09.

Total budget 2008-09	1,982,383
Forecast expenditure	2,911,115
Nett variance	-928,732
Total budget income 2008-09	
Total budget income 2008-09	747,000
Forecast income	758,683
Nett variance	11,683
Overall variance	
Overall variance	917,049

Note: Improvements to the bus network and any operator increasing the fares charged will impact on the above figures.

- 5.3 Population forecasts indicate a growth in people aged over 60 in the forthcoming years. This growth is due to what is commonly known as "the baby boomers". In addition, allowance needs to be made for increases in bus operators' fares that would occur naturally. Projected expenditure for forthcoming years, in bus operator reimbursements alone (therefore not included ancillary costs such as issuing passes) is as follows:

2009/10	2010/11	2011/12
£3,256,408	£3,516,921	£3,798,274

These projections are for delivery of a Scheme as it remains at present. Any enhancement to the Scheme will, in all probability, require increased reimbursement to bus operators.

Complete removal of the time restrictions

- 5.4 Whilst a number of local authorities have removed time restrictions, very few have divulged costs. It is most likely these will be more readily available after the close of the financial year. Of the increased costs obtained, these vary from 2.2% to 13%. The impact these increases will have on the existing projected costs are:

	2009/10	2010/11	2011/12
Projected costs based on existing Scheme	£3,256,408	£3,516,921	£3,798,274
2.2%	£3,328,048	£3,594,293	£3,881,839
13%	£3,679,741	£3,974,120	£4,292,049

- 5.5 Operators should be “no better or no worse” off as a result of the Scheme. Therefore, should they incur any additional costs associated with the Scheme, the council would be liable to reimburse operators for these costs. For the existing Scheme, the council has negotiated that bus operators accept liability for the vast majority of these additional costs. However, any variation to the Scheme will see operators seeking a revision to the current arrangements. As many bus services are currently operating at full capacity during the morning peak, it is envisaged that bus operators would seek additional cost claims for providing additional capacity (ie larger buses). No research has currently been undertaken into this aspect.

It should be noted that Norwich City, as opposed Norfolk as a whole, have recently announced that they are to move the start time of their scheme back from 8.30 am to 9.30am from April 2009. It is understood that the reason behind this is increased cost.

Widening the current Scheme from 9.30am to 9.00am

- 5.6 It is very difficult to determine how many concessionary pass holders will adjust their travelling pattern and make a journey they are currently making after 9.30am between 9.00am and 9.30am if the Scheme was enhanced in this way. There would not be any increased cost to the Scheme for passengers adjusting their travelling patterns in this way. It is equally difficult to determine how many passengers will make new journeys if the Scheme were adjusted in this way. No information from local authorities changing the Scheme in this way was available. However, it is most likely to be less than the additional costs for complete removal of the time restrictions. As a rough guideline only costs for 1% and 7% are detailed below. It should be noted that, there is currently no evidence on which these additional costs are based. Norfolk has changed their time restrictions to commence at 8.30am and increased cost information may be available from them following the close of the financial year. As a neighbouring authority, and to make understanding of the Scheme easier for concessionary pass holders, it may be worth considering widening the Scheme from 9.30am to 8.30am.

	2009/10	2010/11	2011/12
Projected costs based on existing Scheme	£3,256,408	£3,516,921	£3,798,274
1%	£3,288,972	£3,552,090	£3,836,256
7%	£3,484,356	£3,793,105	£4,064,153

Again, operators would be able to claim additional cost claims. However, it may be possible to negotiate for operators to accept liability for these additional costs with a partial enhancement of the Scheme.

Reduced fares between 9.00am and 9.30am

- 5.7 A 50% reduced fare between 9.00am and 9.30am would result in 50% increase in the costs mentioned at the table in 5.6 above. However, it is envisaged that all bus operators would submit an additional cost claim for reprogramming ticket machines if the Scheme were enhanced in this way. It may also be likely that some bus operators' ticket machines will not have enough functions to enable recording of full fares before 9.00am, reduced fares between 9.00am and 9.30am and free fares after 9.30am. In addition, this type of enhancement is not likely to be

welcomed by bus operators as they would view this type of enhancement as confusing for concessionary bus passengers and bus drivers. As bus operators are only obliged to take part in the statutory minimum requirement, it may result in some operators not participating in this enhancement to the Scheme, which would further complicate the Scheme for pass holders if some operators were participating in the enhancement and others not.

Free travel on Local Link services at all times

- 5.8 It would not be possible to restrict any enhancement to the Scheme solely to Local Link services. Under the relevant Transport Acts authorities shall be obliged to admit an operator to participate in the Scheme. There are certain exemptions to that obligation, but it would not be possible to exclude commercial bus operators from any enhancements proposed in this document.

Enhancements restricted to particular groups

- 5.9 The current number of concessionary bus passes, split by eligibility criteria is:

Eligibility Group	Passes in Circulation	%
Blind	311	1.3%
Deaf	52	0.2%
Speech	13	0.1%
Walking Difficulties	419	1.8%
Without arms	2	-
Learning Disability	612	2.6%
Driving Licence Refusal	271	1.2%
Age	21,648	92.80%
TOTALS	23,328	100%

Should the enhancements outlined in 5.4 - 5.7 above be restricted to a particular group or groups, the effect on reimbursement costs will be a percentage increase in costs comparable to the percentage of passes in circulation for that particular group or groups.

Companion Passes

- 5.10 It is estimated that for 2009/10 an average pass holder will make concessionary journeys with a cost to the Scheme of £140 per year. If a companion pass is issued to a companion of every pass holder of each disability group, and the travel patterns of that companion pass holder is the same as a standard concessionary pass holder, the estimated additional costs are:

Eligibility Group	Passes in Circulation	Additional Scheme Costs	Additional Card Production Costs
Blind	311	£43,540	£546
Deaf	52	£7,280	£91
Speech	13	£1,820	£23
Walking Difficulties	419	£58,660	£733
Without arms	2	£280	£4
Learning Disability	612	£85,680	£1071
Driving Licence Refusal	271	£37,940	£474

It is strongly recommended that if this type of enhancement to the scheme is proposed, a robust eligibility criteria is in place to establish whether the concessionary pass holder actually has a medical requirement or necessity for a companion to travel with them. This should reduce the costs detailed in the table above, as it is unlikely that every concessionary pass holder in each group will have a medical requirement or necessity for a companion to travel with them. No details are currently available on concessionary pass holders who will have a requirement for a companion and should they have such a medical need, they are currently unlikely to be travelling using a concessionary pass at present. As a rough guideline if there is a further 10% uptake in

each eligibility group and each of those have a medical need for a companion pass, additional costs can be calculated as:

Eligibility Group	Passes in Circulation	A further 10% uptake plus companion pass to each	Additional Scheme Costs	Additional Card Production Costs
Blind	311	62	£8,680	£109
Deaf	52	10	£1,400	£18
Speech	13	2	£280	£4
Walking Difficulties	419	82	£11,480	£144
Without arms	2	0	£0	£0
Learning Disability	612	122	£17,080	£214
Driving Licence Refusal	271	54	£7,560	£95

It should be noted that, there is currently no evidence on which these additional costs are based, they are purely estimations.

In addition, whilst the Department for Transport stipulate the pass design for standard concessionary bus passes, this design is not permitted to be used on any other type of pass, which would include companion passes. It would therefore be necessary to design a separate pass and have this design configured into the card management system in order for them to be printed. Costs for this have not yet been obtained, but it is most likely that these design and set up costs will be less than £1,000.

6. IMPLICATIONS

Customers - Adverse reaction from concessionary bus pass holders requesting changes to the Scheme.

Finance – Any expansion of the Scheme will impact on the current negative variance.

Legal – There are no legal implications should the council chose not to offer concessions outside of the statutory requirements.

Stakeholders/commercial bus operators – There is no statutory requirement for operators to participate in a Scheme that exceeds the statutory minimum requirement. Operators only have to provide the statutory minimum requirement should they choose to do so. In addition, operators who feel they may be prejudicially affected by any changes to a Scheme may appeal to the Secretary of State as detailed in the relevant Transport Acts. Should a bus operator submit an appeal the legal and resource costs to the Council will be considerable. Therefore, bus operators' willingness to participate in a more generous Scheme is crucial to the success of that Scheme.

7. CONSULTATION

7.1 To provide an estimation of the costs for both free travel pre 9.30 and companion passes, operators, other local authorities and informal advice from consultants has been sought.

7.2 There is very little evidence available to accurately project the effect on reimbursement costs to operate following any changes to the Scheme as outlined in 5.4 - 5.10 above. No authority or consultancy firm approached could provide firm evidence of actual percentage increase in costs as a result of a change to the Scheme.

8. EXPECTED OUTCOMES

8.1 Considering the negative budget variance detailed at 5.2 it is recommended that no change is made to the concessionary bus fare Scheme in Peterborough.

8.2 Should additional funding for the Scheme be allocated in future financial years a further review could be undertaken. It is likely that other local authorities will have firm evidence on cost changes post 31 March 2009 that could be used as a basis for the review. However, it should be noted that each authority's bus network and demographic make up is different and will impact on any operator reimbursement. In addition, other factors such as the number of tourists holding concessionary bus passes visiting individual local authorities is likely to vary considerably across the country. Therefore, whilst evidence from other local authorities can be gathered, it can only act as a guide at best and not be a true representation of cost changes in Peterborough.

Taking into account the restrictions detailed in each of the enhancement detailed at 5.4 - 5.10 above, and also taking into account that by far the most common request to the Accessibility and Travel Group for changes to the Scheme are on the time restrictions, it is recommended that a future review includes:

- Complete removal of the time restrictions
- Widening the Scheme from 9.30am to 9.00/8.30am
- Consider if the above options are trialled for a three, six or twelve month period, publicising and making quite clear to concessionary pass holders in advance, that a trial will take place to assess the increase in costs to the council and should costs be prohibitive the Scheme will revert back to as existing.

8.3 Any change to the Scheme is likely to put further pressure on the adverse variance.

9. NEXT STEPS

Environment Scrutiny Panel should consider whether additional funding for the Scheme can be allocated in future financial years and a subsequent review undertaken when that funding is in place.

10. BACKGROUND DOCUMENTS

Minutes of the Environment and Community Safety Scrutiny Panel meeting - 20 September 2007
Question to Council – 10 December 2008

11. APPENDICES

Appendix A: Costs to increase Scheme - Consultation results with local authorities

Appendix B: Companion passes – Consultation with local authorities