



CABINET – 23RD OCTOBER 2001

**FUTURE ARRANGEMENTS FOR PROVISION OF TRAVEL
CONCESSIONS**

**REPORT OF THE ACTING DIRECTOR OF PLANNING AND
TRANSPORTATION**

PART A

Purpose of Report

1. To recommend revised arrangements for the provision of travel concessions.

Recommendation

2.
 - a) That, subject to the agreement of the district councils, the scheme of concessionary travel should be revised from April 2002;
 - b) That the scheme should be revised so as:
 - to provide no general option of tokens but an increased allocation of £33 a year of tokens as an option for disabled people and those who live in rural areas remote from hourly bus services.
 - to provide concessions for men aged 60 to 64 from the date specified by the government.
 - to discontinue the Travel Aid scheme, concessions from travel on trains, and concessions for travel on buses before 09.30.
 - c) That the district council's contribution to total costs of the scheme should increase to 35% in 2002/03, 45% in 2003/04 and 50% in 2004/05 and thereafter.

Reasons for Recommendation

3. The arrangements negotiated with the district councils for the future provision of concessionary travel provide a comprehensive scheme, well above the minimum level demanded by government. The optional token concession is well targetted to disabled people and those living in the most rural areas. Restrictions to improve value for money, and increased contributions from the districts, will result in a cash saving for the County Council.

Timetable for Decisions including Scrutiny

4. There is a long lead-time for planning the annual issue of travel concessions. Consideration is now required to meet the deadline for change of April 2002. It is proposed that this matter will be reported to the Planning and Environment Scrutiny Committee on 29th October and the Scrutiny Commission on 31st October 2001 for any comments.

Policy Framework and Previous Decisions

5. The County Council has operated a comprehensive scheme of concessionary travel since the late 1980's. The Transport Act 2000 contained a requirement on district councils to fund concessionary travel to a defined minimum level. In the light of this, agreement was reached last year that the existing scheme would continue unchanged in 2001/02, but for the removal of the previous concession issue charge. Districts would contribute to the cost by passing on to the County Council the extra SSA they received from government for this purpose.

Resource Implications

6. If the scheme as proposed is introduced, the estimated cost to the County Council over the next four years will be as set out in the table below. Estimates are at November 2000 prices.

	<i>2001/02</i>	<i>2002/03</i>	<i>2003/04</i>	<i>2004/05</i>
County Council contribution	£1.82m	£1.07m	£1.01m	£0.89m

7. The projected savings in 2002/3 will be offset by the additional costs of tokens issued under the present arrangement which, it is proposed, will expire at a date, to be decided, in 2002.
8. This report has been written in conjunction with the County Treasurer.

Circulation Under Sensitive Issues Procedure

None.

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Part B

Future Arrangements for Provision of Travel Concessions

Background

Introduction

9. Officers of the County and District Councils have met to discuss options for a revised scheme to be introduced in 2002/03, and have reached consensus on the approach to recommend. The Leader discussed the proposals at a meeting with the Leaders of the district councils on 17th September. At that meeting, all agreed to recommend the proposals to their own councils, subject to the caveat noted later in this report.

Present Scheme

10. The present scheme offers:
 - A choice of a half fare pass or £22 a year of tokens for women over 60 and men over 65
 - Half fare, flat fare or free passes, or £22 of tokens, for people with different disabilities
 - Half fare passes, charged at £1 per 4 weeks, for unemployed people (Travel Aid - travel on buses only)
 - Travel at any time throughout Leicestershire and Leicester and to nearest main centres in surrounding counties.
 - Travel on buses, trains, community transport services and (tokens only) taxis.
11. The Transport Act 2000 requires district councils to fund half fare concessions for elderly and disabled people on buses only, locally within each district area, for travel after 0930 on weekdays and any time at weekends. The definition of disability is slightly wider than that previously used and the existing scheme has been adjusted accordingly. The government has stated its intention to extend concessions to men aged 60 to 64 from April 2003. The Act does not allow an issue charge to be made.

Proposed Scheme

12. The officer discussions concluded that a future joint scheme should retain the key benefits of the present one but produce better targetting for expenditure on tokens. The proposed changes from the present scheme are set out below
 - Tokens would not be generally available as an option.
 - But they would be offered to disabled people at £33 a year, a 50% increase on the present

- And they would be offered at £33 a year to people in rural areas who do not have access within a 10 minute walk to a daytime bus service of at least hourly frequency
- The Travel Aid scheme would be abandoned
- Travel before 0930 would not be funded
- Travel on trains would not be funded
- Concessions would be offered to men aged 60 to 64 from the date specified by government.

Justification for Proposed Changes

13. Tokens, which presently cost £0.87m a year, are widely used for occasional taxi trips by relatively affluent pensioners who run cars and seldom use buses. There is also widespread abuse, with people turning them into cash through taxi drivers, and using them for long-distance taxi trips which lie outside the scope of the scheme. Targetting will allow a more generous amount to be given to disabled people, who rely extensively on taxis, and to people living in deep rural areas where there are few buses available. There may be around 5,000 disabled and 3,500 rural token users initially, compared to 39,000 in total now. The rural total would reduce to around 1,000 when the improved rural bus services proposed to be introduced following the recent Best Value review were in place. On this basis, total expenditure on tokens would reduce by approximately £0.6m
14. The Travel Aid scheme costs £44,000 a year but is only used by around 350 people at one time, 6% of the county unemployed total. With such a small take-up it can have little impact in helping unemployed people seek work, yet the cost per user is high.
15. Many pensioners like to be out early, and a number of disabled pass-holders use early buses to get to work or day centres. However, the majority of retired people have the option of adjusting their time of travel to avoid crowded peak-hour buses. The saving from imposing this restriction would be considerable, about £0.3m a year.
16. For local travel, there is an equivalent bus service for every train service in the county. The saving would be about £22,000 a year.

Cost

17. The cost of a changed scheme cannot be forecast accurately. The best available estimates are set out below. Expenditure will reduce in 2002/03 with the tighter targetting of tokens and removal of pre-0930 travel, increase in 2003/04 with the addition of men aged 60 to 64, then reduce again as the County Council introduces a more comprehensive network of rural hourly bus services.

Year	2001/02	2002/03	2003/04	2004/05 on
Cost (Nov 2000 prices)	£2.24m	£1.65m	£1.84m	£1.78m

Cost Sharing

18. The proposed funding arrangements need to take account of:
- The duty of the Districts to fund a minimum scheme
 - The willingness of the County to contribute to maintaining a comprehensive scheme
 - The fact that the Districts have the large majority of government support through S.S.A. This was increased by £0.42m this year and is expected to increase by a further £0.40m in 2003/04.
 - The necessity to phase in District funding
 - The fact that this is a demand-led budget and outturn expenditure can vary from the base budget
 - The necessity to ensure administrative simplicity
19. Against that background, officers have reached consensus on the following proposals:
- The new scheme, once fully established, should be funded on a 50/50 basis between the County and the Districts jointly.
 - District contributions should increase to this percentage over the next 3 years
 - Districts together should pay the defined percentage of outturn expenditure each year, with quarterly payments based on estimates and an end-of-year adjustment
 - Each District should pay a fixed percentage of the Districts' total. This will be based on the initial estimates and will not be routinely monitored against actual expenditure in that district. The split between Districts can be reviewed at perhaps 3-yearly intervals
 - The proposed District total contributions, with approximate cash equivalents, are as follows:

Year	2001/02	2002/03	2003/04	2004/05 and thereafter
Districts' contribution	N/a	35%	45%	50%
Approx cash equivalent	£0.42m	£0.58m	£0.83m	£0.89m

Cessation of Current Token Scheme

20. At the time of introducing a new concessionary travel scheme in partnership with the districts it would seem logical to 'draw a line' under the present scheme. This will require an end date specifying beyond which existing green and orange tokens will no longer be valid. The exact arrangements for this need further consideration. To prevent a recurrence of this problem in the future it is proposed that for the new scheme tokens are valid for one year only.

Next Steps

21. Officers will need to act quickly to agree revised administrative arrangements. The new scheme gives the opportunity, amongst other things, to offer a five-year or lifetime pass rather than the previous annual pass.

Equal Opportunities Implications

22. Travel concessions are provided specifically for those who are elderly, disabled or unemployed.

Background Papers

None.