

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM 7

REPORT TO CABINET

9 MARCH 2006

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration and Transport - Lead Cabinet Member – Councillor Cook

FREE CONCESSIONARY TRAVEL SCHEME

1. Summary

The purpose of this report is to seek approval for Stockton-on-Tees to participate in a Tees Valley Enhanced Concessionary Travel scheme for bus journeys by the over 60s and people with disabilities that enables free travel within and between the boroughs of Stockton-on-Tees, Hartlepool, Middlesbrough and Redcar & Cleveland.

2. Recommendations

It is recommended that:

1. Approval is given to participation in the Tees Valley Enhanced Concessionary Travel scheme offering free travel within and between the areas covered by Stockton-on-Tees, Hartlepool, Middlesbrough and Redcar & Cleveland Borough Councils.
2. That the enhanced scheme operates for a one-year period commencing on 1st April 2006.
3. The agreement for the operation of the enhanced scheme attached as **Appendix 1** to this report is approved.
4. The approved scheme is published on the Council website and in all major public buildings with a leaflet and press release detailing the scheme and how to obtain the concession.
5. A further report is provided to Cabinet later this year recommending the scheme to be adopted after March 31st 2007.

3. Reasons for the Recommendations/Decision(s)

The requirement to implement at a minimum a new national free travel scheme for those over 60 or who have disabilities on 1st April 2006 and the need to provide enhancements consistent with entitlements granted under the Council's current Goldcard scheme.

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

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RECOMMENDATIONS

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3. The agreement for the operation of the enhanced scheme attached as **Appendix 1** to this report is approved.
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DETAIL

- 1 Stockton-on-Tees Borough Council currently operates a two-tier concessionary pass scheme referred to as Silvercard and Goldcard. The Silvercard enables pass holders to unlimited half fare travel and Silvercard passes are issued free of charge. Goldcard entitles pass holders to unlimited travel within and between the areas covered Middlesbrough, Redcar & Cleveland and Stockton-on-Tees Borough Councils at a cost of 30 pence per journey. Stockton-on-Tees residents are charged £5 per annum for Goldcard.
- 2 A new three-year agreement on payments to bus operators for Goldcard was approved by Cabinet on 10 March 2005. This gave approval for fixed payments to be made to operators

over the period of the agreement, with levels of payment subject to review should patronage cross thresholds set above or below base year (2004/05) levels.

- 3 In March 2005 the government announced its intention to improve the statutory minimum scheme that must apply throughout England from 1st April 2006. The improved scheme provides for free travel within the concession authority area (Stockton-on-Tees) between 9.30am and 11.00pm on weekdays and all day on weekends and Bank Holidays. Concession authorities are allowed to have enhancements in addition to the statutory scheme, but cannot provide any concessionary scheme offering reduced entitlements. In November 2005, Cabinet approved negotiations with partner authorities with a view to seeking an enhanced concessionary travel scheme for the Tees Valley and instructed that a further report be submitted.
- 4 The consensus of the Tees Valley authorities was that a Tees Valley wide scheme should be adopted if possible because this would enable pass holders to make cross boundary journeys for no charge or at reduced rates. A Tees Valley Enhanced Concessionary Travel scheme has been negotiated with bus operators that individual Tees Valley local authorities can subscribe to. Each participating authority has still had to agree payments with operators for providing the enhanced scheme in its area. This retains transparency and the cost of participation to each authority can be identified. The agreement reached with local operators is attached as **Appendix 1** to this report. It is recommended that Stockton-on-Tees Borough Council approves the agreement and that it participates in the Tees Valley Enhanced Concessionary Travel Scheme.
- 5 Of the Tees Valley authorities, Hartlepool and Middlesbrough have in principle joined the scheme subject to approval. The position of Redcar & Cleveland Borough Council still has to be determined. Darlington Borough Council has negotiated an entirely separate agreement with operators. For this reason, the agreement does not extend to providing free travel within or to/from Darlington. However, entitlement to travel to/from or within Redcar & Cleveland has been retained in the agreement in order to maintain entitlements secured under the present Goldcard scheme.
- 6 Guidance issued by the Department for Transport states that concessionary travel authorities need to determine final reimbursement arrangements before 3 March 2006. Because all major operators have signed up to the Tees Valley Enhanced Concessionary Travel scheme and agreed payments for participation, it has not been necessary to issue formal participation notices to any operator legally requiring it to participate. However it is recommended that details of the agreement are made available on the Council's website and that notices are placed in all major public buildings. It is also recommended that if the recommended scheme is approved, a leaflet be provided containing details of the scheme and how to obtain the concession.
- 7 An agreement has been secured with operators so that present Silver and Goldcard pass holders can use their passes to obtain free travel from 1st April. Silver and Goldcard passes will then be replaced at the usual time. However, a number of residents entitled to free concessionary travel but who presently hold neither a Silver or Goldcard pass may be attracted by the enhanced scheme and wish to apply for a pass for 1st April. It is recommended that these residents are issued with a Goldcard pending the normal pass renewal. Under the Tees Valley Enhanced Concessionary Fare scheme, no charge will be levied for passes in 2006/07.
- 8 Because of the uncertainties attached to introducing free concessionary travel, bus operators were unwilling to agree a scheme for payments beyond 2006/07. It is therefore recommended that a further report is presented detailing the operation of the Tees Valley Enhanced

Concessionary Travel scheme during its first year and recommending its extension or the adoption of a replacement scheme from 1st April 2007.

FINANCIAL AND LEGAL IMPLICATIONS

Financial

The financial implications for the council of adopting the recommended Tees Valley Enhanced Concessionary Travel scheme are that it will place a substantial additional financial burden on the council in 2006/07, which has been offset by an additional allocation by the government to provide for free concessionary travel within the boundaries of Stockton-on-Tees after 9.30am on weekdays and all day on weekends and Bank Holidays. The total cost of providing the Tees Valley Enhanced Concessionary Travel scheme will be approximately £2,321,000 not including administration and distribution costs for permits. This compares with payments to operators of £1,075,200 agreed for 2006/07, meaning additional operator payments of approximately £1,245,800 in 2006/07. Approximately £93,000 revenue previously obtained through the issue of Goldcard passes will also be lost to the council. The agreement falls within the range predicted in the November report to Cabinet of between £2.3 and £2.5 million per annum including administrative costs. It is still possible that additional costs may be incurred through new operators joining the scheme or through an operator increasing its concessionary patronage by in excess of 50%, but the financial risk to the authority is substantially less than an approach based on the number of trips made each month.

Because of the significant uncertainties associated with the introduction of free concessionary travel in terms of its impact on passenger numbers and service capacity, operators were unwilling to countenance any enhanced agreement extending beyond one year. For that reason, either an extension to the present agreement or a new agreement will have to be reached in time for implementation on 1st April 2007.

Legal

The council provided notification of its proposed reimbursement arrangements on 1st December 2005 under Section 150 of the 2000 Transport Act. The principle set out in Section 93 of the 1985 Transport Act and the Travel Concession Regulations 1986 that operators both individually and in the aggregate are financially no better and no worse off as a result of their participation in the scheme has been maintained by the agreement. Because no operator has refused to participate in the scheme and all the operators indicated in the Tees Valley Enhanced Concessionary Travel agreement have agreed payments for 2006/07, there is no requirement on the council's part to issue participation notices

RISK ASSESSMENT

The concessionary fares situation is currently categorised as high risk, with cost and revenue implications for the council still to be determined. However, adoption of the fixed payment scheme will make concessionary travel a low risk category.

COMMUNITY STRATEGY IMPLICATIONS

Environment

Bus services, by providing an environmentally sustainable alternative to the car, assist in easing congestion and reducing harmful emissions. It is predicted that there will be an overall increase in bus patronage of 2% in Stockton-on-Tees if a Tees Valley wide scheme is introduced. The Tees Valley scheme will have a significant impact towards achieving targets to reduce traffic growth and emissions.

Community Safety and Wellbeing

The introduction of free concessionary travel will mean that the over 60s and people with disabilities will be able to travel further and use more than one bus service without incurring any cost. This is significant as it will mean that greater access to lower cost goods and services will be achieved using public transport. The recommended enhanced scheme will substantially improve access to education and employment opportunities for people with disabilities and learning difficulties who qualify for the concession under the 2000 Transport Act.

Health

The Council has given priority to improving access to healthcare facilities. This has been achieved through two successful bids under Urban and Rural Bus Challenge. The Hospital Links scheme involves improved and extended commercial bus services, which have achieved 8-14% growth in patronage. The Community Lynx Demand Responsive service is due to be launched shortly. This will operate in rural areas and give priority to residents needing to access health care facilities.

The statutory free concessionary travel scheme would only provide free travel to/from the University Hospital of North Tees for every Stockton resident who qualifies for the concession. However, the recommended enhanced Tees Valley scheme will provide free travel to the University Hospital of Hartlepool and the regional facilities at the James Cook University Hospital. This consideration is especially important should the transfer of services arising from the Darzi review proceed.

Economic Regeneration

Residents who are over 60 or who qualify for free concessionary travel through disability will be able to access goods and services by public transport at no cost. This will mean more journeys can be made for shopping/leisure purposes, which will help stimulate growth in spending. Access to part time employment opportunities will also be enhanced for elderly citizens wishing to supplement their pensions.

Education and Lifelong Learning

Access to education and lifelong learning are key elements to promoting social inclusion and improving well-being and the quality of life. The introduction of free concessionary travel will mean that transport costs are no longer a determinant in deciding whether to take up educational opportunities.

Arts and Culture

By providing free bus travel across as broad an area as possible, access to arts, cultural and leisure facilities throughout the Tees Valley sub-region would be opened up. This will mean that the over 60s

and people with disabilities living in other authorities will find visiting attractions like the Arc centre and the Preston Hall Museum far less expensive and more attractive.

CONSULTATION INCLUDING WARD/COUNCILLORS

Extensive consultations have taken place with stakeholders on transport issues as part of the process for the production of the second Local Transport Plan. All Elected Members have been provided with a copy of the Department for Transport guidance note 'Concessionary Travel for Older and Disabled People: FAQs for local authorities'. Consultations have taken place with residents groups and forums representing elderly citizens. Because of the very limited time available to negotiate and adopt a scheme, it was not possible to carry out a more general consultation exercise. Based on the consultations carried out, there is a very strong desire to maintain an entitlement to travel across local authority boundaries at a reduced rate. Pass holders have stated that it would be preferable to retain Goldcard with its cross boundary entitlement rather than lose that entitlement in order to secure free travel within the borough under the statutory scheme. This is despite residents being advised that a reduction of the statutory entitlement is not possible. For this reason no option involving the loss or reduction of present cross boundary entitlements was negotiated with bus operators. Groups representing elderly citizens and health interests have also expressed concern at the introduction of a limitation on travel before 9.30am, particularly in respect of the ability to attend doctors and hospital appointments. Residents have also written to or called the council expressing this concern. This concern has substantially been addressed by the removal of the pre 9.30am restriction on a trial basis. However, under the agreement authorities and operators have retained a right to impose such a restriction on any service that experiences severe capacity problems as a result of offering the free travel concession. The only reservations expressed by residents about a free scheme have been fears that it would lead to cuts in bus services or to concessions offered to other groups, particularly young people, as had reportedly been the case in other authorities. These residents were reassured that the council had not considered cuts to Boroughbus services or to its Pathfinder scheme in order to fund concessionary travel. One pass holder stated she would only approve the scheme if it did not result in an increase in council tax.

Overall, elderly citizens have welcomed the efforts made by the council to secure enhancements that will enable free travel across four Tees Valley authorities and provide free access to leisure and health facilities across the sub-region by bus. The local branch of the National Pensioners Confederation has welcomed the proposed scheme, but the confederation still favours a national scheme for England.

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Background Papers

Concessionary Travel for Older and Disabled People: FAQs for local authorities
Local Government Finance: Formula Grant Distribution – A Consultation Paper (ODPM)
1985 Transport Act
Concessionary Fares Schemes – Explanatory notes on the provisions of the Transport Act 1985
Concessionary Travel Regulations 1986
2000 Transport Act
Report to Cabinet Free Concessionary Travel Scheme 1st December 2005
Report to Cabinet GOLDCARD CONCESSIONARY FARES SCHEME 10 March 2005

Ward(s) and Ward Councillors:

The provision of concessionary travel is relevant to Members in all wards.

Property

None.

Stockton-on-Tees Borough Council

Agreement between Stockton-on-Tees Borough Council and bus operators governing the participation of the Council in the Tees Valley Enhanced Concessionary Travel scheme.

The Tees Valley Concessionary Travel Scheme has been established by Stockton-on-Tees Borough Council in partnership with other participating authorities and by agreement with local bus operators. This agreement is in accordance with the requirements of Section 93 of the Transport Act 1985 and Part II of the Transport Act 2000 and the Travel Concession Scheme Regulations 1986.

1.0 Objectives of the Tees Valley Enhanced Concessionary Travel Scheme

- To provide an enhanced concessionary travel scheme for the over 60's and people with disabilities that offers standardised terms and conditions to residents of participating authorities in addition to those offered under the statutory minimum scheme determined by the Secretary of State for Transport.
- To simplify the payments structure for both bus operators and participating authorities, whilst maintaining the principle set out in Section 93 of the 1985 Transport Act and the Travel Concession Scheme Regulations 1986 that operators both individually and in the aggregate are financially no better and no worse off as a result of their participation in the scheme.
- To reduce overheads for both operators and participating Councils through a simplified accounting and payments system.
- To encourage stability in the public transport network through a budgetary system that guarantees payments to operators and protects both operators and the Council against short-term fluctuations in bus patronage.
- To encourage participation in the concessionary travel scheme by all eligible residents.
- To encourage an increase in the use of travel concessions by all eligible residents.

2.0 Eligibility

- 2.1 All Stockton-on-Tees residents and residents of other participating authorities aged 60 and over will be entitled to concessions under the statutory minimum fare scheme first introduced under the 2000 Transport Act.
- 2.2 They shall also be entitled to obtain enhanced concessions in accordance with Section 147 (d) of the 2000 Transport Act.

2.3 Persons who are blind, disabled or have learning difficulties shall also be entitled to travel at concessionary rates in accordance with Section 146 of the 2000 Transport Act.

3.0 Concession to be Provided under the Tees Valley Enhanced Concessionary Travel Scheme

3.1 All Stockton-on-Tees residents and residents of other participating authorities holding a concessionary pass shall be entitled to travel without charge at any time of day on any scheduled service provided by participating bus operators. The enhanced hours of operation are to be on a trial basis over the period of the agreement.

3.2 Stockton-on-Tees Borough Council, other participating Tees Valley authorities and bus operators reserve the right to introduce the statutory restriction on travel before 9.30am on weekdays on any service that is determined to have capacity problems as a result of operating the free travel concession. In accordance with the statutory scheme, there shall be no restriction on travel before 9.30am on weekends and Bank Holidays under any circumstances.

4.0 Area covered by scheme

4.1 As an enhancement to the statutory scheme offering free travel within the area of each concessionary travel authority, free concessionary travel shall apply under the Tees Valley Enhanced Concessionary Travel Scheme to all scheduled services operating within or between the Boroughs of Stockton-on-Tees, Hartlepool, Middlesbrough and Redcar & Cleveland. There shall be no entitlement to free concessionary travel on journeys to or within authorities not participating in the scheme or designated above.

5.0 Operator Participation

5.1 Operators participating in the scheme are:

- Stagecoach on Teesside and Stagecoach in Hartlepool
- Arriva Tees & District, Arriva Teesside and Arriva Durham County
- Leven Valley
- Compass Royston
- Go North East
- Jayline
- A1 Coaches
- Alrite Travel

5.2 It is a condition of participation in the Concessionary Travel Scheme that operators will be required to accept all the conditions in the Tees Valley Concessionary Fares Scheme.

6.0 Right to conduct on vehicle surveys

6.1 Stockton-on-Tees Borough Council and other participating local authorities will require bus operators participating in the scheme to allow officers of Stockton-on-Tees Borough Council, other participating local authorities or persons designated by the Council to conduct surveys in accordance with Section 19 of the Travel Concession Regulations 1986. Additionally, operators will be required to provide, at their own expense, information on:

- a) The total number of passengers carried (at monthly or four weekly intervals)
- b) The tariff of fares charged to all fare-paying passengers.

The above information is to be provided on a monthly or four weekly basis as soon as is reasonably practicable, except as provided for in 6.5 below. Operators are to issue pass-holders with 'nil tickets' to provide proof of travel.

6.2 The Council undertakes that where patronage figures are provided under the agreement, no individual operator's information shall be disclosed to any third party except by express agreement.

6.3 Aggregated figures may be disclosed by the Council for the purpose of providing statistical returns and accounting information, including Best Value Performance Indicators and any information that may be required by its auditors or the District Auditor.

6.4 Operators must provide Stockton-on-Tees Borough Council with notification of any changes to participating services and the fares charged thereon.

6.5 Operators must also provide notification of any revision to commercial or concessionary fares a minimum of seven days in advance of such changes becoming effective.

7.0 Pass Recognition

7.1 Stockton-on-Tees Borough Council and other participating Tees Valley authorities shall determine the format of passes issued, which all operators participating in the scheme must accept.

7.2 The format, layout etc. of passes to be issued under the Tees Valley Enhanced Concessionary Travel Scheme shall be the subject of consultation between participating authorities and with operators. This will be to ensure that designs are adopted that can be easily identified by drivers.

7.3 The participating local authorities and bus operators will also explore any marketing opportunities that may arise from the introduction of the Tees Valley Enhanced Concessionary Travel scheme. This will include opportunities for sponsorship and the potential for using passes issued under the scheme as a passport to accessing other concessions and benefits offered by participating local authorities, bus operators and the voluntary and private sectors.

8.0 Transfer of Undertakings

8.1 Where an operator ceases trading or sells or transfers all or part of his business to another undertaking, then that undertaking shall be notified of this scheme and the requirements therein prior to sale or transfer. Inclusion in this scheme and eligibility to the payments therein shall be subject to agreement by Stockton-on-Tees Borough Council and the undertaking(s) concerned.

8.2 Where an operator ceases trading, payments to that operator shall be terminated with immediate effect. This is without prejudice to the Council's right to take further action to recover any debts owing by the operator at the time the company ceased trading.

9.0 Discrimination against Concessionary Passengers

9.1 Concessionary pass holders shall be entitled to the same rights and entitlements as other fare paying passengers and shall be subject to the same requirements placed on fare paying passengers by the operators. No preferential treatment shall be applied to either concessionary pass holders or other fare paying passengers except in terms of providing for passengers with disabilities as set out in the Disability Discrimination Act 1995.

10.0 Admission of Operators to the Scheme

10.1 Other operators shall be admitted to the scheme (as defined under Section 93 of the 1985 Transport Act) on application to Stockton-on-Tees Borough Council and other participating authorities where appropriate should they operate a service that qualifies for participation in the scheme.

10.2 Admission to the scheme shall be by mutual agreement between Stockton-on-Tees Borough Council (and other participating authorities where appropriate) and the operator concerned. Admission to the scheme will be in accordance with the requirements of the Transport Act 1985 and the Transport Act 2000.

10.3 Payments will commence after the submission of at least 3 complete months passenger data.

11.0 Arrangements for Reimbursement

11.1 In the preparation of the arrangements for reimbursement Stockton-on-Tees Borough Council has taken account of the Travel Concession Scheme Regulations 1986 and Circular 1/86 dated 14 February 1986.

- 11.2 Stockton-on-Tees Borough Council and other participating local authorities recognise the objective (which is not a duty) of ensuring that Operators are no better and no worse off financially as a result of participating in the scheme as set out in the Travel Concession Scheme Regulations 1986 (Section 4 refers).
- 11.3 An agreed fixed payment for the period from 1st April 2006 to March 31st 2007 inclusive shall be made to each participating operator on the basis of the revenue displacement method proposed by the Department for Transport.
- 11.4 The agreed payment shall take account of
- Patronage figures and trends from previous years
 - Payments previously made to operators in 2004/05 and in 2005/06
 - The projected revenue lost to the operator arising from the introduction of free concessionary travel under both the statutory scheme (offering free travel within the concession authority's area only) and the Tees Valley Enhanced Concessionary Travel scheme offering free travel within and between other participating and designated authorities.
 - An additional allowance to reflect anticipated growth in patronage arising from the introduction of free concessionary travel, both under the statutory minimum scheme and the enhancements enabling free cross boundary journeys and travel at any time of day (subject to 3.2 above).
- 11.5 The contract shall be for a one-year period commencing 1st April 2006 and ending at midnight on 31 March 2007. Participating operators, as well as being signatories to this agreement, will also where appropriate supply the participating authority with written confirmation that the payments offered by that authorities for providing the concessions set out in this agreement under the Tees Valley Enhanced Concessionary Travel scheme are acceptable subject to the terms of this agreement and without prejudice to the statutory rights conferred on both concessionary travel authorities and operators under the 1985 Transport Act and the 2000 Transport Act.
- 11.6 There will be no charge for concessionary passes issued to the residents of participating authorities under the Tees Valley Enhanced Concessionary Travel scheme for the duration of the agreement. However, participating authorities reserve the right to introduce charges for any extension to this agreement or any scheme offering enhancements to the statutory minimum scheme in subsequent years.

12.0 Adjustments

- 12.1 Payments to operators shall remain fixed at the levels set by the agreed contract except in exceptional circumstances. Such circumstances will only arise where the participating services are substantially increased or cut causing an increase or reduction in patronage of over 50%. In such circumstances the payments to the operator(s) concerned will be subject to review and may be adjusted to reflect the changed circumstances.

13.0 Allocation of Monies Amongst Operators

13.1 Payments will be made by participating authorities either by twelve payments one calendar month in advance or by thirteen instalments four weeks in advance commencing as soon as practicable after 1st April 2006. Stockton-on-Tees Borough Council shall make all reasonable efforts to ensure that prompt payment is made to operators.

14.0 Review and Alteration of the Scheme

14.1 It is recognised by both participating local authorities and bus operators that the introduction of the Tees Valley Enhanced Concessionary Travel scheme and payments system should be subject to ongoing review to ensure that its objectives and the statutory requirements are being met.

14.2 The scheme will commence on 1st April 2006 and operate for a period of one year. Any extension of the Tees Valley Enhanced Concessionary Travel scheme in subsequent years will need to be based on any further directions given by the Department for Transport and experience of the operation of free concessionary travel in the first year.

14.3 A full review of the operation of the scheme will commence no later than six months into its operation involving both participating authorities and bus operators. This will be to ensure that Stockton-on-Tees Borough Council, other participating authorities and bus operators and co-operate on the efficient maintenance of the scheme, the introduction of any identified improvements and the possible operation of an enhanced scheme beyond March 31st 2007.

14.4 Negotiations on any new scheme or replacement scheme will commence in sufficient time for the introduction of any successor scheme on the 1st April 2007 and will take account of

- a) any guidance or further directions issued by the Department for Transport or the Office of Fair Trading affecting the operation of the statutory minimum concessionary travel scheme and any enhancements to it.
- b) Any recommendations arising from the review of the operation of the free travel concession in England ordered by the Secretary of State for Transport.
- c) any case law or legal precedent being set that would affect its operation.

Signed

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On behalf of Stockton-on-Tees Borough Council

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On behalf of

.....(Operator)