

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting1st February 2007

1. Title of Item/Report

Free Concessionary Travel Scheme

2. Record of the Decision

Members were reminded that Cabinet agreed to the Council's participation in the Tees Valley Enhanced Concessionary Travel scheme at its meeting held on 9 March 2006. The enhanced concessionary travel scheme enabled those who qualified for free concessionary travel under the Transport Act 2000 to travel anywhere within the area covered by Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees Borough Councils at any time of day and at no charge to the pass holder.

Agreement was subsequently reached with bus operators on operation of the scheme for one year on the basis of fixed payments to operators. The cost of the agreement for the year from 1st April 2006 to 31 March 2007 inclusive was £2.4 million. To continue after 1st April 2007 agreement had to be reached with operators to extend the Tees Valley Enhanced Concessionary Travel Scheme.

On 22 March 2006 the Chancellor of the Exchequer announced that from 1st April 2008, the government intended to introduce a new national scheme to apply throughout England. This would bring concessionary travel in England into line with the national schemes operating in Scotland and Wales. There was still no firm indication as to the scheme to be implemented from 1st April 2008 or how it was to be managed and financed.

It was, therefore, necessary to agree a scheme to operate from 1st April 2007 to March 31st 2008 inclusive. Operators had indicated that they would wish to agree an extension of the present Tees Valley Enhanced Concessionary Travel Scheme for a further year. It was recommended that a one-year extension of the present agreement be sought based on fixed payments reflecting the number of concessionary journeys made with each participating operator, the average fare of each operator and a reimbursement factor based on Department for Transport guidance. It was further recommended that negotiations be carried out on a Tees Valley wide basis in order to secure consistency between authorities.

An extension of the Tees Valley Enhanced Concessionary Travel Scheme for a further year would also need to reflect changes in operating costs. Fares charged by the bus industry were increasing at 3-4 times the general inflation rate. Both major operators in the Tees Valley had introduced fare increases in both May and October 2006, each well above the overall annual inflation rate. Some operators were seeking further substantial increases in payments to reflect fares increases.

The financial implications for the Council of continuing the Tees Valley Enhanced Concessionary Travel scheme were that it may place an additional financial burden on the Council in 2007/08, which may be partially 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 to Stockton was £2.347 million including administration and distribution costs for permits. Approximately £80,000 revenue previously obtained through the issue of passes was also lost to the Council in 2006/07. It was still possible during the 2006/07 year 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 neither circumstance had arisen over the first six months operation of the scheme.

In light of this the Tees Valley Authorities of Stockton, Hartlepool, Redcar and Cleveland and Middlesbrough issued an initial joint Tees Valley offer to operators during week commencing 8 January. Following that offer there would be joint negotiations with the major operators and a key element would be to persuade operators to continue to negotiate at a Tees Valley level.

The total Tees Valley Payment to all bus operators in 2006/07 was marginally in excess of £8M. The Government had stated that it would increase the amount made available to councils to fund the scheme from £350M to £367.5M, an increase of 5%. The offer made to operators by the Tees Valley Authorities for 2007/08 was consistent with this. The financial issues had been identified as a priority pressure for member consideration in the forthcoming budget setting process.

The Council provided notification of its proposed reimbursement arrangements on 1st December 2006 under Section 95 of the Transport Act 1985 and Section 150 of the Transport Act 2000. The notice was issued jointly with the other participating Tees Valley authorities and was provided to Members. The purpose of the notice was to enable the councils to vary payments and if necessary the operation of the Tees

Valley Enhanced Concessionary Travel Scheme.

RESOLVED that

1. Approval be given, in principle, to the continuing participation of Stockton-on-Tees Borough Council in the Tees Valley Enhanced Concessionary Travel scheme offering free travel at any time within and between the areas covered by Stockton-on-Tees, Hartlepool, Middlesbrough and Redcar & Cleveland Borough Councils.
2. the enhanced scheme operates for a further one-year period from 1st April 2007 to March 31st 2008 inclusive, with negotiations carried out on a Tees Valley wide basis.
3. approval to determine the Stockton contribution to a joint Tees Valley offer for the year 2007/08 be delegated to the Corporate Director of Development and Neighbourhood Services in consultation with the Corporate Director for Resources and Cabinet Member for Regeneration and Transport.
4. a further report be provided to Cabinet reporting on the implications for Stockton on-Tees of the proposed new national scheme to be introduced from 1st April 2008, once Government Guidance had been issued and evaluated.

3. Reasons for the Decision

The need to agree an extension of the Tees Valley Enhanced Concessionary Travel Scheme free concessionary travel from 1st April 2007 to March 31st 2008 inclusive.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Cllrs Gibson, Coleman, O'Donnell, Mrs Cains, Leonard and Johnson declared a personal non prejudicial interest as they received, or were entitled to receive, or had relatives or friends who received or were entitled to receive free bus travel under the Travel Scheme.

6. Details of any Dispensations

Not applicable.

7. Date and Time by which Call In must be executed

Midnight on Friday 9th February 2007

Proper Officer
06 July 2007