

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

1 FEBRUARY 2007

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration & Transport - Lead Cabinet Member - Councillor R Cook

FREE CONCESSIONARY TRAVEL SCHEME

1. Summary

The purpose of this report is to provide an update on progress with the implementation of the Tees Valley Enhanced Concessionary Travel scheme for bus journeys by the over 60s and people with disabilities introduced on 1st April 2006.

2. Recommendations

It is recommended that:

1. Approval is 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 is 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 has been issued and evaluated.

3. Reasons for the Recommendations/Decision(s)

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. 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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REGENERATION & DEVELOPMENT

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SUMMARY

The purpose of this report is to provide an update on progress with the implementation of the Tees Valley Enhanced Concessionary Travel scheme for bus journeys by the over 60s and people with disabilities introduced on 1st April 2006.

RECOMMENDATIONS

It is recommended that:

- 1 Approval is 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.
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- 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.
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DETAIL

- 1 Stockton-on-Tees Borough Council agreed to the recommendation to participate in the Tees Valley Enhanced Concessionary Travel scheme in a report presented to Cabinet on 9 March 2006. The enhanced concessionary travel scheme enables those who qualify 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.

- 2 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 is £2.4 million. To continue after 1st April 2007 agreement has to be reached with operators to extend the Tees Valley Enhanced Concessionary Travel Scheme.
- 3 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 currently operating in Scotland and Wales. There is still no firm indication as to the scheme to be implemented from 1st April 2008 or how it is to be managed and financed.
- 4 It is, therefore, necessary to agree a scheme to operate from 1st April 2007 to March 31st 2008 inclusive. Operators have indicated that they would wish to agree an extension of the present Tees Valley Enhanced Concessionary Travel Scheme for a further year. It is recommended that a one-year extension of the present agreement be sought based on fixed payments reflecting the number concessionary journeys made with each participating operator, the average fare of each operator and a reimbursement factor based on Department for Transport guidance. It is further recommended that negotiations are carried out on a Tees Valley wide basis in order to secure consistency between authorities.
- 5 An extension of the Tees Valley Enhanced Concessionary Travel Scheme for a further year will also need to reflect changes in operating costs. Fares charged by the bus industry are presently increasing at 3-4 times the general inflation rate. Both major operators in the Tees Valley have introduced fare increases in both May and October 2006, each well above the overall annual inflation rate. Some operators are seeking further substantial increases in payments to reflect fares increases.
- 6 Members also requested that the potential for a new pass system with pass holders like those used in London be investigated. Discussions with other participating authorities led to broad agreement on the introduction of plastic card system containing the pass holder's photograph, possibly with other security measures to prevent fraud. This would have been issued with a pass holder. The new pass would also have been developed as a passport to other concessions, both in the public and private sectors. It could also be used to contain other information likely to be of use to those claiming the concession, such as advice on home safety, fire protection and benefits.
- 7 Estimates for the purchase of equipment and pass holders for the new passes were obtained. However, the announcement of the government's intended national scheme has led to this work being suspended pending details of the national scheme being determined. The Council would otherwise have been investing in systems that would potentially be redundant within two years. Card based passes valid to 31st March 2008 have therefore been issued.
- 8 Should the Council continue to have a role in the issue and distribution of concessionary travel passes from 1st April 2008, then it will be possible to issue passes compliant with government recommendations, so long as adequate time is allowed for any tendering process required plus lead in- time for delivery of equipment and any necessary staff training. Converging the different issue systems operated by each Tees Valley authority would still need to be achieved so as to have a common system for pass expiry dates, pass formats, pass renewals etc. across participating Tees Valley authorities. It is therefore recommended that a further report

is presented to Cabinet on the outcome of negotiations with operators and once the implications for the Council of the government's proposed new national scheme are known.

FINANCIAL AND LEGAL IMPLICATIONS

Financial

The financial implications for the Council of continuing the Tees Valley Enhanced Concessionary Travel scheme are 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 is £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 is still possible during the current 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 has 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 will be joint negotiations with the major operators and a key element will 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 is marginally in excess of £8M. The Government has stated that it will 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 is consistent with this. The financial issues have been identified as a priority pressure for member consideration in the forthcoming budget setting process.

Legal

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 is attached as **Appendix 1**. The purpose of the notice is to enable the councils to vary payments and if necessary the operation of the Tees Valley Enhanced Concessionary Travel Scheme.

The principle set out in the Travel Concession Regulations 1986 is 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. Because no operator has refused to participate in the Tees Valley Enhanced Concessionary Travel and all have agreed in principle to its extension for 2007/08, there is, as yet, no requirement on the Council's part to issue participation notices. Should agreement not be reached with any operator(s), then participation notices would have to be issued under the 1985 Transport Act no later than 3 March 2007. If it becomes necessary to change the terms of operation of the Tees Valley Enhanced Concessionary Travel Scheme, then it will be necessary to issue a Variation Notice no later than 3 February 2007 for any changes to take effect on 1st April 2007. If participation notices are issued, then operators have the right of appeal against being made to participate in the scheme and/or the payments. There are presently 45 appeals against participation notices that are still to be determined although none of these are in the Tees Valley.

RISK ASSESSMENT

The concessionary scheme is considered a medium risk as the financial implications are significant. Legal action could be taken against the Council dependant upon its action strategy.

COMMUNITY STRATEGY IMPLICATIONS

Environment

Bus services, by providing an environmentally sustainable alternative to the car, assist in easing congestion and reducing harmful emissions. Despite bus patronage overall continuing to fall, the increased take up of concessionary travel passes is helping to reduce the decline. The Tees Valley Enhanced Concessionary Travel Scheme is having an impact towards achieving targets to reduce traffic growth and emissions.

Community Safety and Wellbeing

The introduction of free concessionary travel means 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 enhanced scheme substantially improves access to education and employment opportunities for people with disabilities and learning difficulties who qualify for the concession under the 2000 Transport Act because it provides for travel across local authority boundaries, opening up access to some specialist courses not available in Stockton-on-Tees.

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 currently operational but will not be fully functional until the new booking and vehicles management system becomes fully operational early in 2007. Community Lynx operates in rural areas and gives priority to residents needing to access health care facilities.

The Tees Valley Enhanced Concessionary Travel Scheme provides free travel to the University Hospital of Hartlepool and the regional facilities at the James Cook University Hospital that would not be available to Stockton residents if the restriction on free travel across local transport authority boundaries under the government scheme were to be introduced. The restriction on journeys before 9.30am under the government's statutory minimum scheme would also have an adverse effect on residents with early morning hospital appointments. This consideration is especially important in the context of the transfer of services arising from the Darzi review.

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. Preliminary results of the shopping survey commissioned by Stockton and other Tees Valley councils shows that access to shopping facilities by bus remains vitally important to the economic health of our town centres. Removal of the cost barrier to travel for a significant number of residents will encourage more shopping/leisure to be made.

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. Free concessionary travel across local authority boundaries provides access to specialist courses in other centres that are not provided within the borough.

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 with stakeholders on transport issues were undertaken as part of the process for the production of the second Local Transport Plan. All Elected Members were 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 ahead of the introduction of the Tees Valley Enhanced Concessionary Travel Scheme. 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 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. An enhanced scheme that retained cross boundary entitlements was negotiated with bus operators for this reason.

Groups representing elderly citizens and health interests also expressed concern at the possible introduction of a limitation on travel before 9.30am, a restriction that was also removed by the Tees Valley Enhanced Concessionary Travel Scheme. However, under the agreement authorities and operators have retained the 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 and one resident has complained that free concessionary travel has caused overloading on buses during the morning peak period and therefore wants the restriction on travel before 9.30am under the government scheme to be imposed.

Overall, elderly citizens have welcomed the Tees Valley Enhanced Concessionary Travel Scheme because it enables free travel across four Tees Valley authorities and provides free access to leisure and health facilities across the sub-region by bus. The local branch of the National Pensioners Confederation has welcomed the scheme, but it 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 Free Concessionary Travel Scheme 9 March 2006
Concessionary Fares for Older and Disabled People: Local Authority Guidance for 2007-08

Ward(s) and Ward Councillors:

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

Property

None.