

Report to: **Executive Committee**
Date: **4th April 2006**
Report of: **Director of Finance and Corporate Resources**
Subject: **Concessionary Fares for older and disabled people – Revised Scheme from 1st April 2006.**
Ward: **All**

1.0 Purpose of the Report

1.1 To confirm arrangements for the amended Concessionary Bus Fares Scheme to be implemented on the 1st April 2006.

2.0 Key Decision

2.1 The report requests a key decision as contained in the Council's Forward Plan.

3.0 Consultation

3.1 In preparing the report I have consulted with the County Durham Chief Financial Officers Association and the Council's Monitoring Officer. The Durham District's Leaders Forum and the Management Team have also considered the report.

4.0 Background

4.1 The Chancellor announced in the Budget on 16th March 2005 that the statutory minimum requirement for older and disabled persons' concessionary travel is being improved. From 1st April 2006, the district council as a travel concession authority must provide its older and disabled residents with free bus travel within its geographical boundaries any time on a Saturday, Sunday or bank holidays and between 9.30 am and 11pm on any other day.

4.2 The government included £350M in the recent grant settlement to cover the costs of moving from the statutory half-fare concessionary fare scheme to a free travel scheme and this has been pass-ported to individual authorities through the settlement. The Council received additional grant of £1.58m.

4.3 Prior to the new arrangements the district councils in County Durham offered a concessionary scheme, administered by the County Council which included half fare off-peak travel within the boundaries of each district council, as required by the Transport Act 2000 and half fare travel at all times across the whole of County Durham and Darlington and for through cross-boundary journeys to Cumbria, Northumberland, Teeside (as far as Central Middlesbrough) and Tyne & Wear. They also offered half fare travel on trains to or from Seaham, Chester-le-Street and all stations between Bishop Auckland and Teeside Airport, within the area Newcastle/Darlington/Middlesbrough. The scheme was far in excess of the statutory scheme and the discretionary non-statutory elements of this scheme are provided using the Transport Act 1985.

4.4 There were a number of legal formalities to complete before schemes could be amended and Durham County Council in accordance with the Transport Act 2000 has implemented these on the Durham District's behalf.

4.5 The Chancellor's announcement required all Council's to reconsider its arrangements in respect of the scheme.

5.0 Option Appraisal

5.1 In appraising the options for the scheme a number of key issues were considered.

- Participating in a countywide fares scheme requires any variations to the scheme to be agreed by all District's participating.
- In negotiating changes it was essential to ensure the countywide scheme is sustained.
- The understanding that the statutory scheme proposed by the government is free to district boundaries only, variations beyond that are at the discretion of the Council.
- Affordability and risk bearing in mind the overall costs of a countywide free scheme are around £7.3m, a substantial sum.

5.2 Proposed Option

5.2.1 Following a series of representations across the County a meeting of the Durham Districts Forum held on the 2nd March 2006 decided to approach the Bus Companies again with a view to negotiate ***a countywide scheme offering free travel.*** Following negotiations with the Bus Companies on the 6th March the following was agreed.

- A free countywide scheme was agreed costing £7.4m in 2006/7 including set up costs of £100,000.
- In addition a contingency sum capped at £100,000 was agreed to cover the provision of wholly new services if necessary. This contingency will only be called on in exceptional circumstances.
- For 2007/8 the base figure will reduce to £7.3m as the one off costs will not be repeated, this should enable the scheme to continue subject to an appropriate inflationary increase being applied.
- The scheme has been agreed initially for 2 years with a best endeavours clause to continue it for a further 2 years thereafter. The base figures will be subject to inflationary increases as ascertained by Durham County Council index for transport as applied to their contracts for school bus routes and rural bus services.

5.2.2 From recent budget reports members will appreciate that grant for concessionary fares was not distributed evenly across the Durham Districts with some authorities receiving significantly more than others. Given the urgency to agree and implement the scheme from 1st April budgets totalling £7.286m have been pooled across the County, unfortunately this is £114,000 less than the overall requirement in 2006/7. As authorities have fixed budgets for 2006/7 and as a speedy negotiation was necessary it was felt some flexibility needed to be afforded in respect of Year 1 costs in addition to the potential contingency cost of £100,000. As a result it was also proposed that Easington, Sedgefield and Wear Valley share the shortfall in year 1 and meet any claims on the contingency fund should they occur.

5.2.3 It should be noted that at the time of preparing the report the arrangement for rail travel was not finalised and some minor details within the scheme were still outstanding. However publicity and guidance will be issued to those members of the public participating when new passes are issued. Existing passes will be valid until the 31st May 2006 after which a new pass will be required to travel.

5.2.4 *Advantages* of the proposed option are: -

- It significantly improves transport accessibility for our growing number of elderly and disabled citizens.
- It satisfies public perception of free travel.

- It is simple to understand and operate.
- There are significant cost benefits to those persons participating.
- The arrangement is a good example of partnership working and demonstrates what can be achieved.

Disadvantage

- The scheme is subject to future financial risks albeit a recent announcement in the national budget proposes a national scheme from 2009, which should transfer the risk to the government.

5.3 Financial Implications

5.3.1 If agreed the costs for Easington in 2006/7 amount to: -

Scheme Costs	£1,800,000	
Set up costs	34,000	(one third of £100,000)
Share of shortfall	<u>5,000</u>	
Total	<u>£1,839,000</u>	

5.3.2 If the contingency provision is utilised our liability would be a maximum of £33,000 and therefore the maximum liability for 2006/7 is **£1,872,000**. Members will recall that in the 2006/7 budget it was agreed to ring fence the increased grant and therefore the costs outlined above will be met from current budgets and earmarked reserves as agreed.

5.3.3 It was crucial to agree the current financing proposals to secure the scheme for 2006/7, however for future years there needs to be some discussion on how the cost of the scheme is to be apportioned across the Durham Districts.

6.0 Conclusion

6.1 Clearly the position has shifted significantly over the last month or so and the Council has played a major part in securing a free scheme for our elderly and disabled residents and ensuring that the County-wide scheme has been maintained in tact. This is a good example of how partnership working across Districts and with the Bus Companies can benefit communities across County Durham.

6.2 Given the level of disabilities in the District and the growing elderly population the scheme is very welcome allowing extensive travel within the region.

6.3 Whilst some of the set up costs have been underwritten by 3 Council's including Easington this was necessary to secure the scheme. However the costs are in essence financed by additional grant.

6.4 In view of the above it is recommended below to agree the above proposals.

7.0 Implications

7.1 Policy

7.1.1 The proposals ensure the existing countywide scheme is sustained at least for the next 2 years.

7.2 Financial

7.2.1 Detailed costs are set out in paragraph 5.3 above with the Council's maximum liability estimated at £1.872m being met from existing budgets and earmarked reserves.

7.3 Legal

7.3.1 If the above proposals are agreed the Council will have met its statutory obligations under the regulations.

7.4 Risk

7.4.1 The risks are identified within the report and will be reviewed during the course of the year.

7.5 Communications

7.5.1 The scheme is being communicated through the following channels: -

- Local media
- Infopoint – Mid March 2006
- Leaflet distribution – Joint publication with other districts.
- Information available on issue of pass – Joint publication with other districts.

7.6 Corporate Plan and Priorities

7.6.1 The proposals are aligned to the Council's objectives and agreed priorities.

7.6.2 Service Scrutiny Committee has been briefed on the arrangements and timetable for distributing the passes.

7.7 E Government

7.7.1 None.

7.8 Procurement

7.8.1 Procurement arising from the proposals will be made in accordance with the Council's procurement strategy.

7.9 Equality and Diversity

7.9.1 The proposals if agreed will improve accessibility to transport for the elderly and disabled.

8.0 Recommendations

8.1 To retrospectively agree the implementation of the above proposal that from the 1st April 2006 a countywide scheme offering free travel to the elderly and qualifying disabled residing within the district to the destinations stipulated under the revised arrangements for the scheme.

8.2 That the maximum cost estimated at £1.872m is met from existing budgets and earmarked reserves as agreed in the budget process.

8.3 That details of future apportionments between the Districts will be reviewed in time for the 2007/8-budget process.

Background Papers

Item no.

Guidance and legislation issued by the Department of Transport.
Various file notes /information on the scheme.
Concessionary Fares – General File.

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