

## Overview & Scrutiny

XX February 2009



## Concessionary Travel Scheme

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### Report of Terry Collins, Corporate Director Neighbourhood Services (Cabinet Portfolio Holder Councillor Bob Young)

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#### Purpose

- 1 The purpose of this report is to consider proposals for the harmonisation of the County Durham Travel Scheme (CDTS), including consideration of:
  - The enhanced arrangements currently provided in the Wear Valley and Teesdale areas; and
  - Charges levied for replacement passes.

#### Background

- 2 The County Durham Travel Scheme (CDTS) has provided concessionary travel for the elderly and disabled for over 30 years.
- 3 The scheme currently entitles all residents who are aged 60 or over, plus eligible disabled people, to a pass that provides them free travel on local buses anywhere in England.
- 4 An additional concession for qualifying disabled people is that their pass includes a concession which allows a carer to travel with them. These are only issued in cases where the person is unable to use the bus service without the assistance of another individual.
- 5 There are approximately 120,000 residents entitled to this pass within County Durham, of these there have been 105,000 passes issued to date. There is an estimated 10,000,000 journeys per annum being undertaken.
- 6 The current scheme costs in the region of £9.1m per annum, with operators being reimbursed for accepting the passes.
- 7 The scheme has always involved partnership working between the District Councils, who issue passes and fund the scheme, and the County Council, who facilitate the scheme with the bus operators.

#### Current Position

- 8 Arrangements are in place to establish a single countywide system to facilitate the administration of new and replacement passes. This will allow

a pass to be provided to a customer from any of the current customer access points across the County.

- 9 All new passes are provided free of charge. There is also no charge made for replacing stolen passes, provided a Crime Reference number is supplied.
- 10 In terms of replacing lost passes, the current position is that Sedgefield Borough Council, Teesdale District Council, Derwentside District Council and City of Durham Council all charge £5 to replace a lost pass, whilst Chester le Street, Easington and Wear Valley issue all replacement passes free of charge.
- 11 There is approximately 3,000 replacement passes produced countywide per annum. There is a much lower number of replacement passes issued by the four councils that charge than the three that do not charge currently. Of the 3,000 replacement passes issued, 54% (approximately 1,600 passes) were by the three Councils that don't currently charge.
- 12 Whilst under the CDTS a free concessionary bus pass is available in all Districts, eligible persons in Teesdale and Wear Valley can also access alternative arrangements. These arrangements are not available elsewhere in the County.
- 13 In Teesdale eligible person can currently access a scheme that consists of £33 of travel vouchers, which are issued annually. These vouchers are in lieu of their free bus pass and can be used for taxi fares, bus fares and at selected travel agents for rail fares. Currently about 2,500 (40%) of the eligible residents of Teesdale choose this option, and the annual cost is approximately £100,000.
- 14 In Wear Valley, registered disabled residents can access a scheme that consists of £25 of transport tokens, which are also issued annually. These tokens are accepted by local taxi companies and are redeemed directly through National Transport Tokens (the company who supply the tokens). Again, these tokens are issued in lieu of the free bus pass. There are about 1,000 users who access this scheme currently; the annual cost of this scheme is approximately £30,000.
- 15 At vesting day there will be inequality of service provision if exiting arrangements remain unaltered. However, extending either of the alternative schemes offered currently in Teesdale and Wear Valley across the County is considered to be cost prohibitive (the costs have been estimated at £1.108M) and could have a detrimental impact on bus usage and therefore the viability of existing bus routes. However, doing nothing is not considered an option and harmonisation options need to be considered.

### **Harmonisation Options**

- 16 There is a need to harmonise the policy with regards to charging, or not, for replacement of lost passes. Equalising treatment in this area is

considered essential for vesting day. However, in considering options, members should note that officers have sought to ensure that proposals put forward are affordable, equitable and sustainable – effectively cost neutral wherever possible.

- 17 Introducing a £5 charge for replacement of lost passes in the three areas that don't currently charge would generate approximately £8,000 additional income per annum. Removing the charge in the four areas that currently charge would have a direct cost of £7,000, with an opportunity cost of £15,000 (assuming no increase in replacement passes issued in the four areas that currently charge, which seems unlikely).
- 18 In terms of the core service, there are two viable options that need to be considered: -
  - (i) Discontinue the alternative schemes in Teesdale and Wear Valley with effect from 1 April 2009
  - (ii) Implement transitional arrangements and a staged withdrawal of the alternative schemes in Teesdale and Wear Valley
- 19 The Teesdale and Wear Valley schemes currently cost approximately £130,000 per annum. If these schemes were withdrawn on 1 April, 3,500 residents (elderly and disabled) would be immediately affected. Whilst the recurring annual savings have been estimated at approximately £100,000 per annum (it is envisaged that some residents will return to using the local bus service as a consequence), there are clear reputational risks associated with this option. This is compounded by the fact that no consultation has been undertaken with these residents. It is also worthwhile noting that the immediate withdrawal of the scheme may impact on the local bus companies and taxi services whose income could be reduced. For all these reasons, this is not considered a viable option.
- 20 Given that an immediate withdrawal of the schemes in Teesdale and Wear Valley is not considered appropriate, the proposal is to implement a transitional scheme that seeks to protect existing recipients in 2009/10. The proposal would be for the current 3,500 recipients to continue to receive their current alternative concession next year but that these options would not be available to any newly eligible customers next year. This would mean that the current level of provision would be maintained.
- 21 Next year, it is suggested that consultation take place on a proposal to reduce and/or remove the value of the concession and transitional arrangements considered for current customers.
- 22 Shown below is a table with a suggested transitional scheme based on 2,500 users of the Teesdale scheme and 1,000 users of the Wear Valley scheme, with staged reductions over a three year period: -

Scheme	2009/10		2010/11		2011/12		2012/13	
	Benefit £	Cost £'000	Benefit £	Cost £'000	Benefit £	Cost £'000	Benefit £	Cost £'000
Teesdale	33.00	100	23.00	75	13.00	50	Nil	Nil
Wear Valley	25.00	30	15.00	20	5.00	10	Nil	Nil
<b>Total</b>	<b>N/a</b>	<b>130</b>	<b>N/a</b>	<b>95</b>	<b>N/a</b>	<b>60</b>	<b>N/a</b>	<b>Nil</b>
Current	N/a	130	N/a	130	N/a	130	N/a	130
<b>Savings</b>	<b>N/a</b>	<b>Nil</b>	<b>N/a</b>	<b>35</b>	<b>N/a</b>	<b>70</b>	<b>N/a</b>	<b>130</b>

#### Note

The costs above are indicative. No account has been taken of reductions in users of the scheme as the benefit is gradually withdrawn. This is inevitable but impossible to accurately model at this time.

Any existing recipients transferring from the voucher / token schemes to a bus pass will result in some additional costs being incurred. These costs are difficult to estimate, as they would result from usage of the pass and not on the issue of the pass itself.

At present the average cost per pass is about £90 per person, which is significantly more than the current concession provided to recipients of the alternative scheme. However, this is not considered to be representative, as it is anticipated that these clients would be low users of the bus services.

#### Recommendations

23 It is recommended that:

- i. A charge be levied for replacement of all lost passes and that this be set at £5;
- ii. As a transitional measure, the alternative voucher / token schemes offered in the former Teesdale and Wear Valley areas be retained for existing recipients only in 2009/10.
- iii. Further consultation and communication is undertaken with existing recipients regarding a managed reduction in the value of the vouchers / token provided in lieu of the standard bus pass as set out in the report, with full removal of these schemes from 2012/13.

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## **Appendix 1: Implications**

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### ***Finance***

Introducing a £5 charge for replacement of lost passes in the three areas that don't currently charge would generate approximately £8,000 additional income per annum. Removing the charge in the four areas that currently charge would have a direct cost of £7,000, with an opportunity cost of £15,000 (assuming no increase in replacement passes issued in the four areas that currently charge, which seems unlikely).

Full immediate withdrawal of the additional concessions provided in the former Teesdale and Wear Valley areas would save an estimated £100,000 in 2009/10.

Approving the transitional arrangements set out in the report would be cost neutral in 2009/10, with savings accruing in later years as these schemes are wound down.

### ***Staffing***

Staffing resources to administer the current schemes are being brought together on vesting and all proposals set out in the report can be accommodated from within existing resources.

The administration of the voucher / token schemes is more resource heavy than the bus pass scheme but not onerous. Efficiencies should be gained once the scheme is withdrawn.

### ***Equality and diversity***

An impact assessment on Equality and Diversity as well as rural proofing is required before going out to consultation.

### ***Accommodation***

No issues

### ***Crime and disorder***

None

### ***Sustainability***

There may be an impact on the Taxi Trade in the west of the County as a result of the withdrawal of this scheme, however, this will be a managed process, commencing in 2010/11.

### ***Human rights***

None

### ***Localities and Rurality***

The current schemes are aimed at improving access to services for disabled people in all areas of the County, but particularly in rural areas where bus services are less frequent.

### ***Young people***

None

### ***Consultation***

Current users will be issued with an agreed letter with their vouchers or tokens explaining the transitional relief scheme and the options available.

This would be done in all 3 years and a further agreed letter sent to them at the end of 2012/13 explaining that the voucher scheme would no longer be available in 2013/14 and inviting them into their nearest access point to apply for a bus pass.

### ***Health***

None