

BABERGH DISTRICT COUNCIL

FROM: Corporate Director

REPORT NUMBER **G138**

TO: STRATEGY COMMITTEE

DATE OF MEETING: 15 November 2007

CONCESSIONARY TRAVEL SCHEME AND NEW NATIONAL TRAVEL SCHEME 2008

1. PURPOSE OF REPORT

To update Members on the position relating to the current Concessionary Travel Scheme, the potential cost pressures in relation to this and the new national scheme that applies from April 2008. As a basis for on-going discussions with other Suffolk District/Borough Councils and in order to respond to a Government consultation document, to seek Members' views on whether, in view of budgetary pressures, the current 24/7 scheme should be restricted to the lesser statutory scheme from April 2008 and on grant distribution options relating to the additional cost of that new scheme.

2. RECOMMENDATIONS

That the Committee:

- 2.1 Notes the financial position for 2007/8 with regard to the potential increase in costs of the current Concessionary Travel Scheme
- 2.2 Notes details with regard to the new National Free Travel Scheme applicable from April 2008 and the operational and budgetary implications that could arise from this
- 2.3 Endorses the following principles as a basis for on-going discussions with other Suffolk District/Borough Councils and in response to Government consultation on possible options for grant distribution to meet the additional costs of the new scheme from April 2008:
 - i) Support in principle for a common approach to the new Concessionary Travel Scheme across Suffolk.
 - ii) Support for the retention of a 24/7 Concessionary Travel Scheme in Babergh and across Suffolk, subject to further detailed projections as to financial impact and budgetary considerations and to (iii) below.
 - iii) In the event that the majority view amongst Suffolk District/Borough Councils is that the lesser mandatory scheme be adopted from April 2008, as a less costly alternative to a 24/7 scheme, that this approach be supported if a common policy across Suffolk could thereby be maintained, in support of the objective set out in (i) above.
 - iv) Subject to further analysis of the likely financial impact, and to there being a consensus amongst the Suffolk District/Borough Councils, support in principle for a national grant funding distribution method that achieves the maximum amount of Government grant in Suffolk to support the additional costs of the new scheme from April 2008, allied to a local agreement amongst the Suffolk District/Borough Councils that then achieves a fair and equitable distribution of that funding amongst those Councils.

- v) Irrespective of the level of Government grant funding ultimately given to the Suffolk Councils, support in principle to seeking to secure consensus across Suffolk that this funding be distributed fairly and equitably amongst the Suffolk councils, subject to further analysis of the financial impact on individual Councils.
- vi) That in the event of not being able to secure a county-wide consensus on the approach to be adopted to specific aspects of this scheme as detailed above, Babergh's response to those aspects to reflect the best interests of this Council and its residents.

3. FINANCIAL IMPLICATIONS

- 3.1 The 2007/08 budget for the current Concessionary Travel Scheme is £607,000. The following cost pressures are affecting that Scheme: -
- Increased take-up/usage since April 2007
 - Outstanding appeals on the scheme from bus operators and possible further appeals this year once the final scheme arrangements are confirmed
- 3.2 There has been a significant and consistent increased take up of bus passes throughout 2007 and there are now approximately 13,000 Babergh bus passes in circulation. There was unprecedented uptake of concessionary travel in the first quarter of this financial year, which could be a blip, or could be an increased use pattern that will continue for the rest of the year and in the future. In relation to this year's budget, if growth in the use of bus passes continues as was the case in the first quarter of this year, this will result in additional expenditure on the original budget of approaching £100,000. The second quarter's data is currently being analysed.
- 3.3 During this year and last, the Secretary of State has received a number of appeals against the way in which reimbursement for travel has been calculated by local authorities. The method Suffolk has been using (as has a number of other authorities) was deemed inappropriate and therefore the reimbursements have had to be recalculated along with current data regarding journeys undertaken. There could also be future appeals.
- 3.4 Hence, there could be a significant potential increase in the current and ongoing scheme costs due to increased take-up and travel and the new way in which the reimbursement calculations have to be made. These combined effects **could** result in additional costs in 2007/08 of around £160,000 more than the current budget. The potential adverse financial effect on councils has been the subject of intense national lobbying of Government through the LGA. It is anticipated that the financial position will be clearer later this month. Any additional available information will be given verbally at the meeting.
- 3.5 It is clear that the concessionary travel scheme is now far more complex than we have had to deal with in the past and that we are facing demand-led budgets (unable to control the final outcome for the year of the spend against concessionary travel) and significant issues with transport operators.
- 3.6 Whatever the actual spend in 2007/08, this will provide the base position for 2008/9. We do not yet have estimated costs for next year's budget (for the new national scheme) from the transport consultants who are working with the Suffolk Councils, although they have indicated that there could be an increase in the region of 20% on this year's actual spend. That would equate to a further cost of around £150,000 in 2008/09. Actual take-up and usage could vary from this estimate and further costs could, therefore, arise next year or in future years.

- 3.7 The current Suffolk scheme provides free travel to Suffolk pass holders on a 24/7 basis. The new mandatory National Free Travel Scheme provides free travel for bus pass holders from 9.30am to 11pm on weekdays and all day at weekends and Bank Holidays anywhere in England. The Travel Concession Authority (TCA) in whose area the journey started will have to meet the cost of these journeys. Government support to the current scheme is awarded through the general Formula Grant mechanism. The Government has allocated £212m specific grant funding to support the additional costs of the new scheme in 2008/09 and is now consulting on the methodology for distributing that specific grant funding. The closing date for response to the consultation is 23 November 2007.
- 3.8 Based on four grant distribution options indicated in the Department for Transport consultation document, Babergh could receive between £134,000 and £214,000 additional specific grant in 2008/09. However, the consultation document does give a proviso that these are a guide and may be subject to change following receipt and consideration of consultation responses.
- 3.9 Based on the experience of other authorities who have imposed a time restriction on the use of bus passes, where in the past there had been a 24/7 scheme, we could expect a small reduction in the overall (increased) budget requirement for the new scheme if we were to reduce from a 24/7 scheme to the statutory minimum scheme. This is estimated at between £20,000 and £25,000.

4. **RISK MANAGEMENT**

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Increase in expenditure within the current financial year.	Very High	Critical	None as this is a demand-led Countywide Scheme, based on a Statutory national scheme.
Increase in likely financial burden to this authority in 2008/09 and subsequent financial years.	Significant	Marginal/Critical	Additional grant monies will go some way towards offsetting the estimated additional costs and could meet these in full. There will be uncertainties still though on future growth.

5. **KEY INFORMATION**

National Free Travel Scheme

- 5.1 The Concessionary Bus Travel Act 2007, which was passed in August 2007, sets out a mandatory National Free Travel Scheme for people aged 60 and over and eligible disabled people, which comes into force from 1st April 2008. The mandatory scheme provides free travel for bus pass holders from 9.30 am to 11 pm on weekdays and all day at weekends and on Bank Holidays. Bus pass holders will be able to use their pass wherever they are in England to travel free on any public bus transport service route (NB this does not include National Coaches).

- 5.2 The new National Free Travel Scheme places the onus for payment of travel undertaken by pass holders on the Travel Concession Authority (TCA) in which the journey starts. Babergh is a Travel Concession Authority (TCA). This means if any bus pass holder gets on a bus in Babergh the journey will be billed to Babergh, regardless of which TCA anywhere in England issued the pass. Similarly any Babergh pass holder getting on a bus anywhere in England other than Babergh will result in that travel being billed to the TCA in which the journey starts. This means if a Babergh pass holder travels to Ipswich, the outgoing journey will be billed to Babergh. If the same pass holder then gets on another bus at a bus stop in Ipswich to Woodbridge, that journey will be billed to Ipswich. Similarly the return journeys by that same bus pass holder will be billed to the TCA in which the journeys start.

Concession available 24/7 or Statutory Minimum

- 5.3 Suffolk has for many years operated a Suffolk Wide Concessionary Travel Scheme with the Suffolk Saver bus pass. Those eligible for concessionary travel are people of 60 years and over, blind and disabled persons. Pass holders have been entitled to free travel for journeys starting or finishing in Suffolk 24 hours a day, seven days a week (24/7). Whilst the Suffolk scheme has offered the more generous concession of travel at any time, some other authorities outside of the county have had time restrictions.
- 5.4 The Suffolk Scheme has operated on the basis that all Councils endeavour to agree on a standard application of the scheme and its concessions across Suffolk. Having a standard scheme across Suffolk has served our residents well, being a 24/7 scheme and enabling travel to and from essential destinations across the county (hospitals, clinics, shops, etc.) as well as reducing confusion to users.
- 5.5 By restricting the start time for bus journeys to be taken with the use of the bus pass, many people will have further difficulties in travelling from rural and remote villages to arrive at their intended destination in time (e.g. a hospital appointment at a time requiring the journey to start before 9.30am), as well as reducing the opportunities for travel. Nonetheless, there are currently some differences of view amongst the Suffolk authorities as to whether to apply the national minimum scheme in the light of predicted budgetary pressures or continue with the more generous 24/7 scheme from April 2008.
- 5.6 Political Leaders' Group (PLG) members have indicated that they would wish to achieve consensus amongst all Suffolk TCA's to maintain a Suffolk wide scheme and that their preference would be to continue with a 24/7 scheme in Babergh and across Suffolk if that could be afforded and mutually agreed. Currently 3 Suffolk TCAs have indicated that they would wish to continue with a 24/7 scheme; 1 is seeking Member guidance and 2 are indicating a wish to reduce to the statutory minimum scheme due to budgetary constraints. Therefore, whilst discussions are continuing, at this stage there is some doubt as to whether a Suffolk consensus can/will be maintained, which would be a regrettable outcome as we embark upon the Suffolk Pathfinder initiative, hence the wording at Recommendation 2.3.

Grant Distribution

- 5.7 Central government has allocated £212m additional grant towards TCAs' additional costs of the new scheme in 2008/09. We have recently received a consultation paper from the Department for Transport consulting on how this may be distributed to TCAs. Returns to the consultation are to be made by 23 November 2007.

5.8 The estimated financial effect of the four grant distribution options outlined in the consultation document is summarised below. The second column is based on the sum total of individual allocations to the Suffolk TCAs whilst the 3rd column shows the estimated grant allocation to Babergh under each of the options:

Department for Transport Consultation Options	Suffolk £000	Babergh £000
Option 1	1,685	134
Option 2	2,092	216
Option 3	2,351	185
Option 4	1,861	214

5.9 It has been suggested by Ipswich BC that the Suffolk TCAs respond to the document by supporting the option that gives the best overall funding to Suffolk (i.e. option 3) and, thereafter, that this sum be distributed fairly and equitably amongst the Suffolk TCAs. Under Ipswich's proposed re-distribution methodology, Babergh would receive £195,000 if option 3 were adopted.

5.10 The Suffolk Chief Executives' Group felt that this approach could be acceptable in principle, subject to further analysis of the impact on individual councils.

5.11 Members of the PLG have indicated support in principle for this proposal, again having regard to the principles of the Suffolk Pathfinder.

5.12 It was, however, appreciated by PLG that a different option may be supported and agreed nationally. PLG felt that, in this scenario, there may be similar merit in pooling and then equitably dividing whatever sum was received overall by Suffolk TCAs and that this should be given further consideration, with a view to adopting this approach if it found consensus support, and could be implemented without undue adverse impact on individual authorities.

5.13 As with the 24/7 issue, it should be recognised that a consensus on this may not arise and that different Councils may support the option that achieves the most grant for them. If that is the case, Babergh's grant would revert to those indicated in the table in para. 5.8.

5.14 Finally, whilst wishing to support and promote a collective partnership approach across Suffolk, PLG were of the view that, in the absence of a consensus across Suffolk on any aspect of these issues, Babergh's position should be to support proposals that best protected the interests of this Council and our residents.

6 **APPENDICES**

None

7 **BACKGROUND PAPERS REFERRED TO:**

Department for Transport Consultation dated 2nd October 2007
Concessionary Bus Travel Act 2007

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