

Transport Act 2000 – Mandatory Concessionary Travel

1 SUMMARY

- 1.1 Members to consider the implications of the Transport Act 2000 for the provision of free half-fare Bus Passes to people of pensionable age and people with the same categories of disability as defined in the Transport Act 1985.
- 1.2 Members to determine whether to run the Mandatory Scheme or remain part of the Enhanced Mandatory Scheme.
- 1.3 In order to set up the Enhanced Mandatory Scheme for April 2001, this authority needs to give a clear indication by 13th October 2000. In view of the budget implications and timetable, this report has been submitted directly to this Committee rather than Transportation and Environmental Services.

2 INTRODUCTION

- 2.1 The Bill authorising the Transport Act 2000 is expected to receive Royal Assent during the early part of November 2000. At the time of preparation of this Report advice suggests there will be no changes to its content and there will be the need by the DETR to prepare Regulations to govern the basic Mandatory Scheme
- 2.2 On 1st April 2001 each Local Authority will become a Travel Concession Authority. Essex County Council will not come within that category and will be unlikely to make financial contributions to the Scheme. Currently Social Services make a contribution towards passes for the disabled.
- 2.3 An obligation is placed on the Travel Concession Authority to make half-fare 'bus passes available to a qualifying person at no cost. (Half-fare is clarified as being no more than half-fare.)
- 2.4 The Mandatory Scheme applies solely within the boundary of the issuing Travel Concession Authority thereby restricting the value of a Pass to the Holder.
- 2.5 Passes will be valid between 9:30am & 11pm.
- 2.6 If an alternative is offered, i.e. Travel Tokens, and taken up the qualifying person is not entitled to the Mandatory Option.

3 CURRENT SCHEME

- 3.1 The current Scheme allows travel outside the boundary of the Authority that issues the Pass and within Essex. If the Mandatory Scheme were to be adopted Holders of existing Passes would be significantly disadvantaged when travelling to neighbouring Districts, notably if

attending Southend Hospital or shopping in other major centres, including Chelmsford and Southend-on-Sea, with which effective 'bus links exist.

- 3.2 The current Essex Scheme, managed by Essex County Council through the appointed Contractor, MCL Transport Consultants, is regarded as effective and any fragmentation within the County of Essex would be counter-productive. All participating Essex Local Authorities are actively consulted as part of the management of the Scheme. MCL co-ordinates negotiations with all Essex 'Bus Operators ensuring ease of administration to accord with the principles of Best Value. The existing scheme could therefore become an Enhanced Mandatory Scheme.

4 ENHANCED MANDATORY SCHEME

- 4.1 Discussion with the DETR by the Consultants, MCL, for the Kent County Scheme has indicated if the Enhanced Mandatory Scheme is operated at no cost to the qualifying person the enhanced scheme will meet the Mandatory Requirement. The DETR has confirmed that interpretation in writing and will back this approach. This confirms retention of the Essex Scheme in its present form would comply with the Transport Act 2000.
- 4.2 It is the opinion of the Consultants, MCL, that there will not be a significant difference in costs between the two options. The basic Mandatory Scheme has potentially higher administrative costs for each Authority to set up and administer their own scheme and ultimately delivers a restricted benefit to Pass Holders. The present analysis and apportionment used to determine reimbursement is deemed to be satisfactory.
- 4.3 The Passes issued and legislation under the Mandatory Scheme relate solely to services that receive fuel duty rebate, i.e. scheduled 'bus services.
- 4.4 The requirement is to issue the Pass free. For Audit and fraud elimination purposes the continued provision of a photograph of the Pass Holder is desirable. At the present time there is no clear indication whether the provision of the photograph by the applicant at a cost to him/her self would be contrary to the free issue criteria. It is possible this could present a cost implication to the Authority. It is likely 'Bus Operators will require a Pass to include a photograph of the Holder to eliminate misuse.

5 FINANCIAL SUPPORT FOR INCREASED COSTS OF SCHEME

- 5.1 The Council currently issues Half-Fare travel Passes at the following costs:

For those Persons qualifying:	£12.00
For those Persons in receipt of Benefit or holding a Doctor's Certificate:	£4.00
For those Persons under retirement age and disabled:	Free
For Companions where assistance is required when using Public Transport:	As for Qualifying Person

5.2 Funding for the Mandatory Scheme will be met within the Revenue Support Grant for which £47M has been provided to be distributed to Local Authorities through the standard formulated distribution method. It will not be identified as specific funding for the Mandatory Scheme.

6 RAIL CARDS

- 6.1 Rail Cards are currently offered as an alternative to the 'Bus Pass, for those Persons in receipt of Benefit.
- 6.2 In order to satisfy the conditions of the Mandatory Scheme, Rail Cards may only be issued as an additional concession, not as a substitute.
- 6.3 The take up of Rail Cards has always been much lower than for 'Bus Passes. At September 1993, after more than ten years of operation, the scheme figures were: 'Bus Passes 456, Rail Cards 117. Currently there are 58 users of the Rail Card as oppose to 784 opting for the 'Bus Pass. In total, 2271 concessionaires use the 'Bus Pass option.
- 6.4 It is proposed that current Rail Cards users be notified that the Mandatory Scheme and Enhanced Mandatory scheme offer only Half Fare 'Bus Passes and that Rail Cards will not form part of the those schemes.
- 6.5 It is also proposed that Rail Cards be offered as an additional concession in respect of renewals from existing users, occurring during 2001/2002 only, at the current price of £4.00.

7 ADMINISTRATION

- 7.1 Categories of persons entitled to apply for a Pass remain as specified in the Transport Act 1985 except in respect of Companions. Provision for Companions has not been included in the Transport Act 2000 although an Authority may continue to make them available but must meet the cost of the Pass.
- 7.2 All passes from 1st April 2001 must be issued free.
- 7.3 All passes by 31st March 2002 must be free.
- 7.4 The criteria specified in 7.2 & 7.3 allows a 12 month window of implementation and eliminates possible claims for refunds on that proportion of a Pass issued prior to 1st April 2001 which extends beyond 31st March 2001.

-
- 7.5 There is no discretion within the new legislation for an Authority to define disability; it must conform to the definition within the Transport Act 1985 as indicated in Paragraph 1.1.
- 7.6 Persons accepting the Enhanced Mandatory Scheme will be required to sign a disclaimer to the Mandatory Scheme. This is a technicality that is unlikely to be controversial because to accept the Mandatory Scheme would reduce the benefits the Pass offers. The Disclaimer can be within the Application Form for the Pass.
- 7.7 MCL advise a Local Authority should publish a Public Notice of its intention to fulfil the Mandatory Scheme by offering a Scheme that fulfils and exceeds the requirements of the Transport Act 2000.

8 FINANCIAL & RESOURCE IMPLICATIONS

- 8.1 MCL have carried out a Preliminary Impact Assessment for each participating Authority. This is included at the end of this Report as Appendix 1.
- 8.2 MCL anticipate they may be able to provide an estimate of financial parameters after September 2000 based on a provisional indication of intention from all participating Essex Local Authorities.
- 8.3 The number of Passes issued will not determine the ultimate cost; the governing factor is the fare revenue reimbursement calculated from the information gathered from on-board ticketing. If a Pass is obtained for occasional use, possibly intended only if the family car is unavailable, that Pass may generate minimal or no fare cost liability to the issuing Authority. The actual cost to the Authority is calculated retrospectively from the data analysed by MCL.
- 8.4 The take-up of Passes will be influenced by the perceived convenience and reliability of the 'bus services to the potential Holder and will ultimately determine the additional numbers issued. It is impossible to predict figures but an increase may require additional administrative support with cost implications
- 8.5 Provision will be required to meet direct administrative costs including the issue of a Public Notice and possible implication for the provision of photographs of Pass Holders.
- 8.6 The statement issued by MCL is very much a preliminary assessment. This shows that with the introduction of the free pass scheme the pass cost will reduce. There is expected to be an increase in the number of passes from around 2200 to 3100. Their prediction is that there will be additional costs of around £24,000 for the enhanced scheme taking in the whole of Essex (excluding Thurrock). It should be noted that this is only £3,500 in excess of the limited mandatory scheme. In addition the administrative costs of the Mandatory Scheme will be much higher for Rochford than the Essex wide scheme.

- 8.7 An additional provision will have to be made for the additional cost of administration and in particular if the Authority has to bear the cost of Photo-cards. It is proposed that in total a sum of £35,000 be included in the draft estimates for 2001/2. This is to cover the additional cost of the bus passes and photo-cards.
- 8.8 Mention has been made of the addition to SSA to fund additional costs. The actual receipt of these additional resources will depend on the settlement for 2001/2.

9 GENERAL INFORMATION

- 9.1 Essex County Council is prepared to continue its participation in the scheme, although not defined as a Travel Concession Authority, to maintain the geographical consistency of the Scheme. The only Local Authority outside the Essex Scheme is Thurrock Council.
- 9.2 The overwhelming opinion of those Officers from the participating Authorities present at the Discussion Meeting with the Consultants, MCL, at Chelmsford on 25th August 2000 was that the continuation of the existing scheme was the preferred option offering consistency and best value to the Pass Holder and participating Authorities.
- 9.3 Essex County Council will be writing to the DETR to obtain the same confirmation already given in respect of the Kent scheme as to compliance with the mandatory requirements of the legislation within the Transport Act 2000. MCL will also be entering into discussions with the DETR and liaising with the participating Authorities having regard to the urgency of the matter.

10 RECOMMENDATION

It is proposed that this Committee **RESOLVES**:

- (1) That this Authority continues to participate in the existing Countywide Concessionary Fare Scheme.
- (2) That a Public Notice be issued confirming the intention to fulfil the Mandatory Scheme by offering the Enhanced Mandatory Scheme.
- (3) That Budget provision of £35,000 be made in the 2001/2002 Estimates to meet the additional costs of the Scheme (HRHM).
- (4) That Passes continue to be issued for Companions in accordance with existing criteria.
- (5) That concessionaires currently using Rail Cards be notified:
- (6) That the Rail Card will cease to be available under the Enhanced Mandatory Scheme with effect from 2001/2002.
- (7) That a Rail Card may be obtained as an additional concession for renewals occurring during 2001/2002 only, for existing users, at the current cost of £4.00. (HRHM)

APPENDIX 1.

TRANSPORT ACT 2000 - MANDATORY CONCESSIONARY TRAVEL PRELIMINARY IMPACT ASSESSMENT

ISSUER:

ROCHFORD DISTRICT COUNCIL

CURRENT HALF-FARE SCHEME:

Geographic limits	Travel anywhere within to or from Essex, including Southend and Thurrock	
Time limits	Not before 9.00am (certain fare-paid passes allow pre-9am travel)	
Entitlement	All people of pensionable age and all disabled people	
Pass Price	£7.00	Average (approx 55% at £4, 41% at £12, balance free of charge)
Take-up	2200	
Pass Cost	£33.44	Average
Gross Expenditure	£73,568	
Essex SSD Credit	£3,593	
Net Expenditure	£54,575	

OTHER OPTIONS:

Railcards available as an alternative

GEOGRAPHIC LOCATION:

Reasonably self-contained but some external travel, particularly to Southend.

IMPACT ON TAKE-UP OF HALF-FARE PASS:

	% Change	New Total
Current Scheme fulfilling Mandatory Requirement	41.0%	3102
Basic Mandatory Scheme only	15.0%	2530

IMPACT ON TAKE-UP OF OTHER OPTIONS:

Current Scheme fulfilling Mandatory Requirement	Little Impact
Basic Mandatory Scheme only	Little Impact

IMPACT ON HALF-FARE PASS COST:

	% Change	New Cost
Current Scheme fulfilling Mandatory Requirement	-24.5%	£25.26
Basic Mandatory Scheme only	-11.3%	£29.66

IMPACT ON GROSS EXPENDITURE ON HALF-FARE PASSES:

	% Change	New Total
Current Scheme fulfilling Mandatory Requirement	6.5%	£78,350
Basic Mandatory Scheme only	2.0%	£75,039

IMPACT ON NET EXPENDITURE ON HALF-FARE PASSES:

	% Change	New Total	New Total
		SSD continue	Excl SSD
Current Scheme fulfilling Mandatory Requirement	43.6%	£74,757	£78,350
Basic Mandatory Scheme only	37.5%	£71,446	£75,039

BREAKDOWN OF IMPACT:

	Additional Travel	Lost Income	Loss of SSD Contribution	Total
Current Scheme fulfilling Mandatory Requirement	£4,782	£15,400	£3,593	£23,775
Basic Mandatory Scheme only	£1,471	£15,400	£3,593	£20,464

The above estimates are of a preliminary nature but are indicative of the likely impact of the two principal options available to issuers in fulfilling the requirements of the Transport Act 2000 as currently defined in the Transport Bill.

The impact of the loss of Essex SSD contribution has been calculated as the full amount credited, irrespective of the type of concession. It does not therefore relate only to half-fare passes.

Pass Price, Pass Cost, take-up, etc are based on the predominant pass type in use or otherwise represent a broad average if there is no predominant type.

mcl transport consultants ltd - August 2000

Steve Clarkson

Head of Revenue and Housing Management

Background Papers:

Transport Act 1985
Transport Act 2000
Report & File Letters from MCL Transport Consultants
Travelpass Essex leaflet
Rochford Council Application for Travel Pass form.

For further information please contact Mr. Frank Spence on:-

Tel:- (01702) 318035
E-Mail:- transport.revadmin@rochford.gov.uk