

## **ESSEX COUNTYWIDE CONCESSIONARY TRAVEL SCHEME**

### **1 SUMMARY**

- 1.1 This report is in two parts: firstly to report to Members the out-turn for 2004/5 in terms of numbers of participants and journeys undertaken and secondly, to report changes to the scheme as a result of the Government Budget announcement in March 2005.

### **2 INTRODUCTION TO SCHEME PROFILE**

- 2.1 Members are aware that the Essex Countywide Concessionary Travel Scheme is operated jointly by the twelve District and Borough Councils in Essex, Southend on Sea Borough Council and Essex County Council (ECC).
- 2.2 The provision of concessionary fares became a statutory responsibility for the District, Borough and Unitary Councils with the implementation of the Transport Act 2000. In addition to providing the statutory Half Fare pass, four of the Essex Districts and Southend Borough offer a free travel option through the issue of Fare Paid pass. The charge to recipients varies by Authority but the concession is consistent throughout the county. Passes issued under the Essex scheme are accepted on virtually all local bus services within, to or from Essex, including Southend and Thurrock. They are not generally valid for journeys on long distance express coach services or beyond specific points on some routes.
- 2.3 Essex County Council co-ordinates and manages the scheme on behalf of all the administering Authorities. It is responsible for ensuring that each Authority makes payments to scheme funds which reasonably reflect the use made of the scheme by residents in that Authority's area. It is also responsible for ensuring that participating local transport operators are properly reimbursed, in accordance with statutory requirements, in respect of the revenue they forego by allowing reduced fare travel or free travel to pass holders within the scheme.
- 2.4 The scheme provides for concessionary travel passes to be issued to all eligible categories, specified in the Transport Act 2000. The statutory Essex Travelpass issued to older people, disabled people and people who are not permitted to drive for medical reasons entitles the holder to travel at a maximum of half the normal fare. The scheme also provides for companion passes, which are available to eligible people who cannot use public transport without assistance.
- 2.5 Each autumn, the issuing Authorities consider budget requirements for the coming financial year. The budget aims to provide the necessary funds to reimburse operators for the anticipated revenue foregone during the forthcoming year, to cover the centrally incurred costs of administering the scheme (the scheme overheads) and to make provision for contingencies.

The central contingency fund is maintained to cover additional reimbursement payments or other approved expenditure that might arise during the course of the year.

- 2.6 Contributions to the reimbursement pool are allocated to each Authority on the basis of the actual number of passes issued and the period for which they were in circulation during the year, in conjunction with a cost per pass. The following table reflects the level of pass use by the residents in this Authority's area. The pass costs for 2004/2005 were as follows:-

|                   | Reimbursement<br>Element<br>2004/5 | Administration<br>Element<br>2004/5 | Total Cost<br>2004/5 | Total Cost<br>2005/6 |
|-------------------|------------------------------------|-------------------------------------|----------------------|----------------------|
|                   | £                                  | £                                   | £                    | £                    |
| Rochford          | 18.11                              | 1.12                                | 19.23                | 18.67                |
| Scheme<br>Average | 27.44                              | 1.12                                | 28.56                | 27.24                |

### 3 JOURNEYS MADE AND BENEFITS DERIVED

- 3.1 Using the pass and journey information available, estimates are made by the Essex County Council consultants of the number of journeys attributable to pass holders in each Authority area and the cash benefits users derive from the use of their passes. A comprehensive report for the whole scheme area is in the Members' Library. The statistical information for Rochford is shown below:-

#### Passes in Circulation at Year End

|                 | 2003/4 | 2004/5  | Increase         | Eligible<br>Population | Take-Up<br>Rate |
|-----------------|--------|---------|------------------|------------------------|-----------------|
| Rochford        | 6,673  | 7,084*  | 411<br>(6.16%)   | 19,320                 | 36.7%           |
| Scheme<br>Total | 98,354 | 102,996 | 4,642<br>(4.72%) | 346,834                | 29.7%           |

Use of Passes

|                 | Passes<br>in use<br>2004/5 | Number<br>of<br>Journeys | Journeys<br>per pass | Cash<br>Savings<br>against<br>full fare | Cost of<br>passes | Benefit<br>to Cost<br>Ratio |
|-----------------|----------------------------|--------------------------|----------------------|-----------------------------------------|-------------------|-----------------------------|
|                 |                            |                          |                      | £                                       | £                 |                             |
| Rochford        | 7,076*                     | 391,992                  | 55                   | 196,537                                 | 122,873           | 1.60                        |
| Scheme<br>Total | 92,029                     | 7,210,320                | 78                   | 3,615,102                               | 2,447,588         | 1.48                        |

\* indicates that eight passes were issued but never used.

Analysis of passes Issued 2004/5

|          | Elderly      | Disabled   | Total   |
|----------|--------------|------------|---------|
| Rochford | 6,601 (93%)  | 483 (7%)   | 7,084   |
| Scheme   | 98,352 (95%) | 4,643 (5%) | 102,996 |

- 3.2 Following the Government announcement about changes to statutory schemes from 1 April 2006, ECC have sponsored a series of officer meetings to discuss a way forward. Proposals are further explored in the following paragraphs.

#### **4 INTRODUCTION TO SCHEME CHANGES**

- 4.1 In March 2005 the Chancellor announced in his Budget speech that it was the Government's intention to introduce free local travel from 1 April 2006. This was later described as free travel 'within the Local Authority administrative area'. This is a much reduced facility than that already enjoyed by some scheme participants, as described in paragraph 2.2 above.
- 4.2 The Head of Service circulated a briefing note on these proposals with the Members' Bulletin on 14 April 2005.
- 4.3 Subsequently, the ECC consultants have given updates on these proposals, the latest of which are appended (Appendix 1 = Briefing Note 4, Appendix 2 = Briefing Note 5).
- 4.4 Members will note that there have been developments that impact on the cost of the scheme; the most significant of these is that more of the funding will be skewed towards London and Metropolitan Authorities, and away from shire Districts.

- 4.5 Whichever direction this lobbying takes, the Department for Transport (DfT) and ECC are still advocating the operation of countywide schemes. Details of revised schemes have to be published by 1 December 2005 to meet the deadlines outlined in the Transport Act 2000.

## **5 TAKE-UP AND USE**

- 5.1 Rochford already has one of the highest take-up rates in the county at 36.7% beaten only by Harlow District (37.3%). This has been a conscious decision by Members to promote the scheme through a variety of mechanisms, including Rochford District Matters and 'flyers sent out with Housing Benefit material.
- 5.2 Generally speaking, a more generous scheme will encourage higher take-up. The ECC consultants' projections (Appendix 1, page 9.11) are borne out by the Head of Service's own research. This predicts an uplift of 29% in passes issued, but with a welcomed disproportionate increase in journeys undertaken of 45% (the highest in the county).

## **6 FINANCIAL IMPLICATIONS**

- 6.1 The information produced by the consultants shows the additional costs of £278,556 for the new proposals. It also shows their estimate of the Formula based share of the additional national funding allocated to Rochford. Their report shows a net gain for Rochford of £44,729 under funding option 2.
- 6.2 However, the Head of Revenue and Housing Management and the Head of Financial Services view this apparent 'windfall' with some scepticism as Rochford rarely sees material gains from Government Grant formula distribution.
- 6.3 There are two important points to bear in mind. Firstly, the amounts mentioned by the consultants are sums added to the current Formula Spending Share (FSS). At present this Council has a FSS of £9.5m and yet only receives £3.7m in grant support. The operation of the national formula on resource allocation removes the majority of funding.
- 6.4 Secondly, from April 2006 the Government will introduce a new basis for grant distribution. This has the potential to introduce many significant changes to the level of grant for each Local Authority and therefore additional funding being discussed now for a particular purpose may not be in evidence in the final figures. In addition, any new distribution model will also affect any existing grant support for concessionary fares. Even if the Government has correctly identified the additional national cost, the process of resource allocation to individual Authorities does not appear to be guaranteed.
- 6.5 Members will be fully aware of the effect of an additional £278,000 of expenditure without matching funding on the budget strategy. The Government has published an undertaking that it will provide finance for new

policies that are introduced. However, given the above, there appear to be some risks to this Authority.

- 6.6 Clearly the Authority needs to plan for the new requirement. As mentioned in the report, the countywide scheme is of higher benefit to residents over the Government statutory minimum scheme, but at additional cost. Therefore, even if the Government funding is refined to ensure that the statutory scheme is properly funded, there is still likely to be a funding gap for the higher value scheme. It is not possible to say how much of this net cost will be covered as part of the existing budget owing to the possible re-distribution of existing funding.
- 6.7 Therefore, although the Authority is being requested to agree to commit to the countywide scheme for forward planning purposes, it must also consider the realities of the grant distribution to be announced in December 2005. The final agreement committing the Authority does not have to be made until the January budget meeting and therefore it will be a specific matter to be considered as part of the overall Budget Strategy process.
- 6.8 To help protect our funding position it would be appropriate for the Authority to write to the Local Government Association (LGA) to draw their attention to the financial risks that the Authority faces on this issue and to ensure that in their representation that the Government honours its own protocol on fully funding additional policy changes to individual Authorities.

## **7 RISK IMPLICATIONS**

- 7.1 Clearly, there is a high level of expectation amongst concessionary pass-holders that the scheme will be available and working from 1 April 2006 (some recipients telephoned on the day of the Budget announcement to reserve their pass). There is an expected uplift in pass issues which will not, in itself, generate the need for additional staff resources, providing the process is managed in an orderly fashion and important decisions are taken as early as possible. What would be difficult to manage without additional resources would be this Council's withdrawal from the countywide scheme and for it to provide a statutory minimum scheme for travel within Rochford District only.

## **8 CONCLUSIONS**

- 8.1 There is considerable merit in, again, committing to the ECC Countywide scheme, both for the Council and for pass-holders.

## **9 RECOMMENDATION**

- 9.1 It is proposed that the Committee **RESOLVES**

- (1) That the Council agrees to an initial commitment to remaining in the existing Countywide Scheme.
- (2) That the final decision be taken at the January Budget Meeting.

- (3) That the Local Government Association (LGA) be requested to ensure that individual Councils are fully funded under the Government protocols for policy changes.

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**Background Papers:**

None.

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