

CABINET

14 December 2005

CONCESSIONARY TRAVEL SCHEME

REPORT OF DIRECTOR OF DEVELOPMENT

Contact Officer: Alan Jowsey Tel No: 01962 848 583

RECENT REFERENCES:

CAB 1123 – Review of Travel Concessions – 14 September 2005

EXECUTIVE SUMMARY:

Following consideration of the Concessionary Travel Scheme by Cabinet on 14 September 2005, this report updates progress with the free fare bus pass scheme. It also considers whether a free or discounted Senior Citizen Railcard should be offered as an alternative to the free fare bus pass, and whether users of the Dial-a-Ride services should have free fares, or pay half fares or full fares for those services.

RECOMMENDATIONS:

- 1 That progress with the free fare bus pass scheme be noted.
- 2 That free or discounted Senior Citizen Railcards should not be offered as an alternative to the free fare bus pass scheme.
- 3 That the Council's contribution to the core cost of Winchester Dial-a-Ride be increased by £22,000 from existing resources within the proposed 2006/07 base budget to replace the current fare related payment, grant for the scheduler and including a small allowance for inflation.

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#### DETAIL:

##### 1 Introduction

- 1.1 At its meeting on 14 September 2005, Cabinet considered a review of the Concessionary Travel Scheme as a result of the central government decision that from 1 April 2006 every person aged 60 and above and every disabled person would be entitled to free local bus travel. The minimum requirement for free local bus travel is that the bus pass must be available for all journeys within a District Council's area made after 09.30 Monday to Friday and at any time on Saturdays and Sundays.
- 1.2 Cabinet decided that the City Council would continue to be a partner in the Hampshire Farepass scheme, and would offer a free fare bus pass valid county-wide and during off-peak hours only. It was also decided that the existing travel tokens scheme should be terminated from 1 April 2006 and that the savings be used to offset the additional costs of the free fare bus pass scheme.
- 1.3 This report updates Cabinet with more details of the free fare bus pass scheme. Further investigations were also requested on whether a senior citizen railcard could be offered as an alternative to the free fare bus pass, and whether free fares or half fares would be appropriate on the Dial-a-Ride services.

##### 2 The Free Fare Bus Pass Scheme

- 2.1 There has now been a further meeting of the partners in the Hampshire Farepass scheme and the scheme's consultants MCL Transport Consultants Ltd. Most District Councils are proposing to adopt the county-wide scheme and offer free bus fares at all times. The exceptions are Fareham which is proposing to withdraw from the county-wide scheme, and Havant and Winchester which are both proposing to offer an off-peak bus pass. In addition Test Valley and Winchester are both proposing to discontinue their travel tokens schemes.
- 2.2 The withdrawal of Fareham from the county-wide scheme is a result of the financial impact on their budget of the free fare proposals, and their funding deficit for the scheme is much greater than for any other Hampshire District. They have also carried out an assessment that indicates that all their bus routes can provide a satisfactory level of service solely within their District, while in parts of the Winchester City Council area such as Denmead and Whiteley the only bus services available are to locations outside of the City Council's area.
- 2.3 At the time of preparing this report, confirmation had not been received from the Government regarding whether there would be additional funding within the Rate Support Grant to meet the additional costs of the free fare bus pass scheme. The

Director of Finance will report orally if any further clarification has been received by the date of the Cabinet meeting.

### 3 Senior Citizen Railcards

- 3.1 There have been further investigations into the Cabinet request that the possibility of offering a railcard as an alternative to a bus pass be considered further. The appropriate railcard is the national Senior Citizen Railcard that is available to all over 60s and offers a third off many rail fares subject to conditions. The Senior Citizen Railcard normally costs £20 for a year and local authorities can purchase rail warrants in bulk that can then be provided to residents to exchange for a free Senior Citizen Railcard at any manned rail station. The local authority can either give the rail warrants free of charge to eligible residents, or can make a charge of for example £5, £7 or £10 to offset the costs to the local authority of the railcard. The local authority is invoiced for the costs of the rail warrants after they have been redeemed, so there is no charge if a resident claims a rail warrant and then does not exchange it for a railcard.
- 3.2 At present, there are about 1,700 users of travel tokens who purchase a railcard with their tokens, which represents 25% of the total travel token users. It is impossible to predict with any degree of certainty the behaviour of current travel token users once travel tokens are no longer issued. It is reasonable to assume that those people who currently obtain a railcard would continue to do so as would a proportion of those who do use tokens for other purposes. If 3,500 took up the free railcard option. the maximum cost of offering free railcards would be £70,000 per year reduced by any administrative charge made by the City Council. It is difficult to predict whether offering free Senior Citizen Railcards would reduce the number of applicants for the more expensive free fare bus passes. A reasonable assumption might be that railcards are only likely to be taken up by those who would not consider using buses since the free fare bus pass would be a much more valuable benefit to the recipient. If this assumption is correct then the cost of issuing railcards would be additional to the cost of operating the free bus pass scheme and additional budget provision would need to be made to meet the cost.
- 3.3 Senior Citizen Railcards provide few benefits in terms of accessibility to essential local services or overcoming social deprivation for most residents. There are a small number of residents around Micheldever and Shawford stations who may use rail services to access local shopping, healthcare and leisure facilities but most residents who do not have access to a car will need to use local bus services to access essential local services.
- 3.4 Given the possibility that additional costs would arise and that budget provision for these is not possible given the constraints on the Council's revenue budget it is suggested that Senior Citizen Railcards should not be offered as an alternative to the free bus pass.

### 4 Dial-a-Ride Services

- 4.1 The new concessionary fares regime raises an issue about how Dial-a-Ride services should be subsidised in future. At present the City Council subsidises Winchester Dial-a-Ride under three different categories. There is a basic grant which is shared equally by the City and County Councils. The contribution by the City Council for 2005/06 is £43,960. The City Council has previously agreed to provide additional grants in 2005/06 of £2,440 towards the costs of employing a scheduler and an

anticipated £17,500 to compensate Dial a Ride for accepting half fare bus passes and travel tokens. The income lost by Dial-a-Ride from accepting half-fare bus passes cannot be refunded directly from the existing or future Hampshire Farepass scheme as Dial-a-Ride services have been specifically excluded – it has to come as a direct subsidy from the City Council. Dial a Ride does not have to accept the new free bus pass – it is not part of the statutory scheme.

- 4.2 The change from half fare bus passes to free fare bus passes does require the City Council to decide the level of additional subsidy that should be paid in future and whether this should be linked to usage. The level of usage of Dial a Ride and therefore the user subsidy claimed from the City Council could increase if many trips are 'free'. There are three options to resolve the matter:
- Option 1 is that in future all Dial-a-Ride users should be able to travel free in the same way that bus users aged 60 and over or disabled will be able to and that the budget provision be increased to an estimated £42,500 (in addition to core funding).
  - Option 2 is that the level of additional grant continues at about the same level as now which would enable fares to remain at about half the standard cost. At present the full fare varies between £4.20 for a return journey within the town area to £6.00 for a return journey from say Alresford to Winchester, but 96% of users have bus passes so they pay £2.10 and £3.00 respectively for these return journeys. An additional grant of £22,000 for 2006/07 including the scheduler subsidy would enable the fare levels to remain at the level that bus pass users currently pay plus a small increase to cover inflation. Effectively the City Council would provide one grant sum, equal to the current amount.
  - Option 3 is that the City Council should in future pay only its proportion of the basic grant shared between the City and County Councils, plus the additional grant of £2,550 for 2006/07 towards the costs of the scheduler. This would reduce the total income for Dial a Ride from grants and as result would probably create a significant increase in costs for the users who are all mobility impaired, the majority are aged 80 and over, and many users do not have any alternative option for transport as they are unable to use standard buses.
- 4.2 Dial-a-Ride offers its users a service that is midway between a standard bus and a private taxi, and it is suggested that the costs for users should remain at a similar level to existing. It would be unreasonable for users of Dial-a-Ride to pay a significant increase in fares when bus users are having their costs reduced to nil, but at present central government policy is that Dial-a-Ride services are not included within the mandatory free fare bus pass scheme. It is therefore recommended that Option 2 should be adopted and that provision for an additional grant of £22,000 to the core costs of Winchester Dial-a-Ride should be included within the 2006/07 budget in place of the 'per user' subsidy currently offered. The net effect of this option is neutral both to the City Council and Dial a Ride.
- 4.3 Discussions have been held with the County Council regarding whether they would consider sharing any additional grant for the Winchester Dial-a-Ride service. The response has been that the County Council would not offer any additional funding beyond the basic grant currently being paid.

OTHER CONSIDERATIONS:5 CORPORATE STRATEGY (RELEVANCE TO):

- 5.1 The concessionary travel scheme and the Dial-a-Ride services are an essential part of the Council's Social Inclusion Strategy.

6 RESOURCE IMPLICATIONS:

- 6.1 Provision of £370,000 has been made within the draft budget for 2006/07 for the free fare bus pass scheme, although the costs have not yet been finalised and the grant from central government has not yet been confirmed.
- 6.2 The cost of offering a free Senior Citizens Railcard would be up to £70,000 per year in addition to current provision and this is not a recommended option.
- 6.3 It is proposed that an additional grant of £22,000 to Winchester Dial-a-Ride should be included within the 2006/07 budget but this would not increase total expenditure as it replaces a current budget provision paid to Dial a Ride.

BACKGROUND DOCUMENTS:

File 094000 – Concessionary Travel.

File 820401 – Dial-a-Ride

Briefing Notes 1 to 6 from MCL Transport Consultants Ltd.

APPENDICES:

None.