

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

DATE: 22 SEPTEMBER 2006

AGENDA ITEM NO: 18

SUBJECT: CONCESSIONARY TRAVEL SCHEME UPDATE

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. An update on the concessionary travel scheme following the introduction of free travel for men and women over 60 and certain categories of disabled people on 1 April 2006.
- 1.2. Details of proposals for a national free travel scheme to be introduced in 2008 and the potential implications for Metro.

2. INFORMATION

2006 Free Scheme

- 2.1. The post-April 2006 arrangements for concessionary travel have been considered at a number of meetings of the Concessionary Fares Working Group and reported to the Authority.
- 2.2. There is now a statutory requirement on all local transport authorities, including Metro, to provide free off-peak travel on local bus services. In the case of Metro this means that free travel has to be provided for men and women over 60 and certain categories of disabled people on all local bus services within West Yorkshire.
- 2.3. In addition to providing the statutory requirement Metro also uses discretionary powers to provide a more comprehensive scheme. Concessionary passengers can also travel free on most off peak bus services to and from neighbouring areas (Greater Manchester, Lancashire, North Yorkshire and South Yorkshire). In addition, there is also a 35p concessionary fare on all off peak local rail services. Metro also uses these discretionary powers to provide half fare travel on buses and trains at all times for young people.
- 2.4. Prior to the introduction of the new arrangements Metro widely publicised the new arrangements through leaflets, advertisements in local newspapers and press releases. As a result the introduction went smoothly with most people being fully aware of the new arrangements. Following feedback from customers a new information leaflet detailing the cross boundary services and usage was designed produced and distributed in mid May 2006. The leaflet was very well received by operators and members of the public.
- 2.5. There has been an increase in the number of Concessionary Permits issued during the first quarter following the introduction of free travel.

Initial data from operators and Metro's Survey System indicates that there has been a 20% increase in the number of journeys made by concessionary passengers since the introduction of free travel. It is expected that the numbers will increase further as people become more familiar with the new arrangements.

- 2.6. Further monitoring of the impacts of the new arrangements will be reported to the Concessionary Fares Working Group.
- 2.7. First have appealed against Metro's re-imbusement arrangements for Concessionary travel. This appeal, and Metro's provision of information to the Department for Transport, have been considered at the Concessionary Fares Working Group. The Department for Transport have advised that it hopes appeals (there are over 60 in total) can be determined by the end of October 2006. A decision in favour of First would have very significant adverse financial implications.

2008 Scheme Proposals

- 2.8. The Chancellor announced in his March 2006 Budget that the Government would introduce national free off-peak travel on buses for men and women over 60 and disabled people covering the whole of England. These proposals have been considered at the Concessionary Fares Working Group.
- 2.9. As yet there is very little detailed information in respect of how the proposals will be implemented or how bus operators will be reimbursed. Current information about the proposals is summarised below:
 - The national scheme will cover England only and not the rest of the United Kingdom;
 - In line with the current arrangements off-peak travel will be between 0930 and 2300 hrs Monday to Friday and all day Saturday, Sunday and Bank Holidays;
 - The proposals will apply to bus only and will not include other modes such as train or tram;
 - Whilst not confirmed there is an assumption that local transport authorities will retain their discretionary powers to extend local schemes to include other modes such as rail and other groups such as children;
 - The Chancellor announced that there would be up to £250m per annum extra funding available to pay for the free scheme;
 - The scheme will be introduced in April 2008;

- There are no details of how operators will be reimbursed for a national free scheme.
- 2.10. A number of task Groups have been established by the DfT to advise on how the scheme should be introduced. The task group membership will be drawn from Government, PTEs, local authorities and operators. The task groups will cover operational and technology matters, funding, reimbursement and scheme definition and eligibility. Metro is contributing to this work.
 - 2.11. It is likely that new concessionary permits will need to be issued to ensure that entitlement can be verified by bus drivers in any part of the country. For example, a bus driver in London must be able to recognise a concessionary permit issued by Metro. As part of this process consideration will be given to the financial and practical feasibility of introducing a national concessionary smartcard as a proof of entitlement.
 - 2.12. There are a number of policy issues for the Authority to consider in contributing to LGA SIG, and other representations, to DfT on new arrangements.
 - 2.13. The most significant issue is whether operator re-imbursement is managed locally or nationally.
 - 2.14. Local re-imbursement carries the risks of under-funding by central government, the process of recovery of additional Government funding from District Councils and the impacts of concessionary travellers from other parts of the country using West Yorkshire bus services.
 - 2.15. Centrally managed re-imbursement carries the risks of the reduction of existing Government grant for concessionary travel, an overall reduction on the Authority's budget and, arguably, influence. It could also have implications for the discretionary elements of concessionary travel and the administration of the MetroCard pre-paid ticketing scheme (the survey costs being shared with the costs for administering concessionary travel).
 - 2.16. On balance it is considered that most significant risk would be that of under-funding if the revenue risk of re-imbursement for the national arrangements falls upon Metro.
 - 2.17. Metro may also be required to re-issue permits in advance of 2008 and it may be necessary to lobby to ensure that central Government meets any associated additional costs. It is recommended that the process of re-issue permits take account of the features to reduce fraud and the potential use of smartcards as proof of entitlement to concessionary travel. The use of smartcards for concessionary travel would provide more accurate data for calculating re-imbursement and facilitate the introduction of smartcard ticketing for other customers.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1. There is insufficient information as yet to warrant a revision to the approved budget for 2006/07.
- 3.2. The First appeal, if successful, could have major adverse financial implications.
- 3.3. The financial implications of the national arrangements from 2008 will become clearer as the detailed proposals are developed.

4. STAFFING IMPLICATIONS

- 4.1. None as a result of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. None as a result of this report.

6. RECOMMENDATIONS

- 6.1. That this report is noted.
- 6.2. That the Authority support lobbying for the revenue risks of post 2008 arrangements to lie with central Government.

Director General
West Yorkshire Passenger Transport Executive