

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

DATE: 23 NOVEMBER 2007

AGENDA ITEM NO: **20**

**SUBJECT: THE ENGLISH NATIONAL CONCESSIONARY TRAVEL SCHEME
2008**

Report of the Passenger Transport Executive

1. **MATTER FOR CONSIDERATION**

1.1. The new arrangements for concessionary travel from April 2008.

2. **INFORMATION**

Introduction

2.1. Previous reports have advised the Authority of the changes to national arrangements for concessionary travel from April 2008.

2.2. The main features of the new arrangements, which will cover England only and not the rest of the United Kingdom (Scotland, Wales and Northern Ireland already have their own free schemes) are:

- Free travel will be for off-peak bus travel, which is between 0930 and 2300 hrs Monday to Friday and all day Saturday, Sunday and Bank Holidays;
- The proposals will apply to buses only and will not include other modes such as train or tram;
- Travel Concessions Authorities (TCAs), such as Metro, will retain their discretionary powers to extend local schemes to include other modes such as rail and other groups such as children;
- The free scheme will be introduced in April 2008;
- Operators will continue to be reimbursed locally by Concessionary Travel Authorities (CTA), which includes Metro;
- TCAs will reimburse operators for the boardings that take place within their area, with the 'no worse, no better' objective for the reimbursement arrangements;

- TCAs must issue new passes as ITSO smartcards, to a nationally mandated design, and cannot charge for issue of these passes.
- 2.3. The implications of these requirements, including pass issue have been considered at meetings of the Concessionary Fares Working Group.

Pass Issue

- 2.4. The approach to encouraging existing pass holders to re-apply for their permits is being overseen by the Concessionary Fares Working Group. It is expected that 270,000 applications (out of a target of 350,000) will have been received by the end of 2008. Further publicity exercises will be undertaken in the new year. Arrangements for anyone who has not obtained a new pass by April will be reported to the Concessionary Fares Working Group.
- 2.5. The new ENCS 'proof of entitlement' pass will be issued on ITSO smartcards. As this is a new burden to local authorities the DfT are providing Grant funding to pay for the additional expenditure incurred. The DfT have confirmed that it will be paying the Authority £4 per pass, which in the case of Metro will amount to £1.6m.
- 2.6. The DfT have put in place 'framework agreements' with suppliers to produce the new passes, provide card management services and back office functions. Whilst TCAs do not have to use the framework suppliers they do have to follow their procurement procedures, including European Union requirements.
- 2.7. The timescales for tendering for the necessary supplies and services are lengthy. There would be delays to the issue of ENCS passes if Metro undertook out a separate procurement exercise. In addition, the appointment of the framework suppliers by the DfT was following a comprehensive tendering exercise that market tested the prices and ability to deliver.
- 2.8. Metro intends to place an order with the relevant framework supplier, Fujitsu, for the production and issue of 350,000 passes, at a cost of approximately £750,000. Metro intends to procure a smartcard (Mifare 4K) that has sufficient memory to allow other applications to be added in the future.
- 2.9. The Authority is requested to approve this expenditure, funded by DfT grant but which is not currently in the approved budget.
- 2.10. Once the cards have been issued there will be a need for a card management system (to deal with, for example, lost passes or passes belonging to deceased persons) as well as a back office for processing smartcard data. The DfT have established a company, ITSO Services Ltd, to carry out part of the back office function on behalf of 'non-smart' TCAs and Metro will make use of this service.

- 2.11. Further evaluation is being undertaken on options for card management and future card issue and the outcomes will be reported to the Concessionary Fares Working Group.

Publication of a New Scheme

- 2.12. Metro is required to publish for consultation the new arrangements for travel by senior citizens and disabled people under the provisions of the English National Concessionary Travel Scheme 2008, by 1 December.
- 2.13. The proposed entitlement to meet the national requirements is set out in **Appendix 1**. There will be consultation with operators on these proposals and the associated re-imbursement arrangements, which will be based upon the current approaches to passenger surveys and grossing, the treatment of operator fares and elasticity of demand. The treatment of capacity claims will form part of this consultation and a modification to the current payment of 9p per journey may be required as a small number of services are likely to experience a significant increase in demand.
- 2.14. A further report will be produced following these consultations. The report will identify the risk of any further appeal once the new scheme is made.
- 2.15. Metro still has the powers to provide concessionary travel for other eligible groups. Metro currently provides concessionary travel for all categories specified in legislation through the 35p flat fare on rail journeys in West Yorkshire and the concessionary travel for children between the ages of 5 and 11. Metro also provides concessionary travel (for seniors and disabled persons) on cross-boundary bus journeys. There is no need to continue to provide this concession as it will be subsumed within the new national arrangements.
- 2.16. It is proposed that potential changes to the discretionary concessionary travel arrangements (reflecting the national scheme, the changes to reimbursement methodologies arising from the First appeal and the financial strategy issues) be considered at the Concessionary Fares Working Group and at the budget briefing discussions prior to a further report to the Authority. The current arrangements are set out in **Appendix 2** and it is proposed that revised arrangements be considered at a future meeting of the Authority.

3. **FINANCIAL AND LEGAL IMPLICATIONS**

Pass Issue

- 3.1. It is expected that the DfT funding of £1.6 million will be sufficient to cover all activities associated with pass issue.

- 3.2. The options for pass issue after April 2008 are being evaluated and will be reported to the Concessionary Fares Working Group and incorporated into the budget proposals for 2008/09.

Future Reimbursements

- 3.3. The Government has stated that there will be an additional £250m available to TCAs to compensate them for this additional burden. This sum will reduce to £212m to be distributed once payments are made to Scotland and Wales.
- 3.4. Previously, this additional funding would have been paid directly to the District Councils through the Revenue Support Grant (RSG) mechanism. However, the Department for Transport (DfT) have announced that funding will be paid by Grant, meaning direct payment to Metro.
- 3.5. The DfT has also announced an 8 weeks consultation period, ending on 23 November 2007, on four options for distributing the Grant to TCAs. The four options contain various factors that receive a weighting, which is then used to calculate the amount of funding each TCA will receive. There are significant differences to the amounts of Grant payable to each TCA depending on the option adopted.
- 3.6. In the case of West Yorkshire the amount of Grant varies from £8.8m to £5.7m depending on the option adopted. The other two options result in payments of £7.7m and £6.1m.
- 3.7. There are significant risks associated with future budget estimates, including the numbers of additional travellers boarding in West Yorkshire, capacity claims from operators, fares increases and the greatly increased risk of fraud.
- 3.8. The lack of information of the grant income and future re-imbursements payments causes enormous difficulties in revising the three year financial strategy and developing budget proposals for 2008/09.
- 3.9. It is the DfT's intention that the Grant will be paid for the next three years and will then be incorporated back into the RSG mechanism for future years.

4. STAFFING IMPLICATIONS

- 4.1. None as a result of this report.
- 4.2. The option to produce ITSO smartcards in house, rather than through a bureau, would have staffing implications,

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. The new arrangements enhance bus travel opportunities for senior citizens and disabled persons.

6. RECOMMENDATIONS

- 6.1. That the report be noted.
- 6.2. That the arrangements set out in Appendix 1 be endorsed for publication and consultation.
- 6.3. That expenditure of £750,000 related to ITSO Smartcard issue prior to March 2008 be approved

**Director General
West Yorkshire Passenger Transport Executive**

APPENDIX 1

English National Concessions 2008 Scheme

Eligible Persons and Nature of Concessions Under 2000 Act

Class of Eligible Persons		Nature of Concession to be Provided (Bus only)
(i)	<u>Senior Persons</u> (i.e. women and men over the age of 60 years)	On production of a statutory travel concession permit a person shall be carried without charge on eligible services to which the Arrangements apply, provided that the actual time of boarding falls between the following hours:
(ii)	<u>Disabled Persons (as defined in section 146 Transport Act 2000)</u>	(a) Monday to Friday (except when the day is a Bank Holiday) 0930hrs to 2300hrs (b) Saturdays, Sundays and Bank Holidays. All day until end of normal services

Eligibility

Disabled persons to hold "with/without companion" permits must be verified by the Social Services Department in each of the administrative areas of the Principal Area as being one of the following seven eligible categories as per, Guidance to Local Authorities on Eligibility for Disabled People and Section 146 Transport Act 2000:

- (a) Persons who are blind or partially sighted
- (b) Persons who are profoundly or severely deaf
- (c) Persons without speech
- (d) Persons with a disability, or have suffered an injury, which has a substantial and long term adverse effect on their ability to walk
- (e) Persons who do not have arms or have long-term loss of the use of both arms
- (f) Persons with a learning disability, that is, a state of arrested or incomplete development of mind, which includes significant impairment of intelligence and social functioning
- (g) Persons who would, if they applied for the grant of a licence to drive a motor vehicle under Part III of the Road Traffic Act 1988, have their application refused pursuant to section 92 of the Act (physical fitness) otherwise than on the ground persistent misuse of drugs or alcohol.

Concessions for disabled persons are available at any age.

APPENDIX 2

Transport Act 1985 Scheme (Discretionary)

Eligible Person and Nature of Concession under 1985 Act

1. Bus

Class of Eligible Persons		Nature of Concession to be Provided On Scheme Services Provided by Bus
(i)	<p><u>Senior Persons</u> (i.e. women and men over the age of 60 years)</p> <p>and</p> <p><u>Disabled Persons</u> (as defined in Section 146 Transport Act 2000)</p>	<p>On production of a statutory travel concession permit a person shall be carried without charge on eligible services* to which the Scheme applies, provided that the actual time of boarding falls during the following hours:</p> <p>(a) Monday to Friday after 09.30hrs (b) Saturdays, Sundays and Bank Holidays all day</p>
(ii)	<p><u>Blind Persons (with or without companion)</u></p>	<p>On production of a Blind Persons Permit (with or without companion) a person and companion, if appropriate, shall be carried without charge on eligible services* to which the Scheme applies at all times throughout the day</p>
(iii)	<p><u>Young Persons</u></p> <p>Young Persons under age 5 years</p> <p>Young Persons age 5 to 10 years</p> <p>Young Persons age 11 to 16 years</p> <p>Young Persons age 16 to 18 years attending school or college for at least 21 hours per week</p>	<p>Travel free at all times</p> <p>Half fare travel at all times</p> <p>On production of a Young Persons PhotoCard and payment of a half fare any eligible person shall be carried without further charge on all eligible services* to which the Scheme applies</p> <p>Only on production of a Scholars PhotoCard and payment of a half fare any eligible person shall be carried without further charge on all eligible services* to which the Scheme applies</p>

*Exclusions are certain special services, excursions, tours, private hire vehicles, school and works contract services and certain express bus services, which cross the West Yorkshire boundary.