

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

DATE: 21 SEPTEMBER 2007

AGENDA ITEM NO: **13**

SUBJECT: CONCESSIONARY TRAVEL

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

1.1. An update regarding Concessionary Travel.

2. INFORMATION

English National Concessionary Travel Scheme 2008

2.1. In his March 2006 Budget the Chancellor announced that with effect from April 2008 the Government would introduce national free off-peak travel on buses for men and women over 60 and certain disabled people covering the whole of England. The Concessionary Bus Travel Act received Royal Assent on 19 July 2007

2.2. The key features of the new scheme are:

- The national scheme will cover England only and not the rest of the United Kingdom (Scotland, Wales and Northern Ireland already have their own free schemes);
- 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), Metro in West Yorkshire, 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 on 1 April 2008;
- Operators will continue to be reimbursed locally by Concessionary Travel Authorities (CTA), which includes Metro.

- 2.3. The Department for Transport has also decided that there will be one 'proof of entitlement' pass across England in order to combat fraud and aid drivers when verifying entitlement.
- 2.4. It has recently been announced that the new passes will be issued on an ITSO Smartcard. ITSO is a national standard, enabling interoperability between systems and equipment. The development of the ITSO standard has been supported by Metro and other PTA/Es as well as DfT, operators and suppliers.
- 2.5. Metro is using remaining Beacon Authority money to support, in partnership with DfT and ITSO, a programme of conferences about the potential of smartcard ticketing and how to approach implementing a smartcard scheme.

Data Capture for the Issue of New Smartcard permits

- 2.6. Metro currently issues Senior and Young People's passes through travel centres and post offices. Social Services verify eligibility for disabled permits. All permits issued are on self-laminating card. People simply turn up with a photograph, prove eligibility and leave with a permit. Whilst personal details of pass holders are maintained in a database this does not currently hold electronic images of the holders which is a DfT requirement for the issue of the new ENCS pass.
- 2.7. Metro has implemented a project to capture the necessary data, including photograph, that is required to issue new passes.
- 2.8. A bureau service has been appointed to undertake the scanning of validated application forms in order to build a comprehensive database of images and personal data in accordance with DfT guidelines.
- 2.9. Validation of application forms began on 23 July 2007 using 426 Post Offices and 10 bus station travel centres. Completed forms are being forwarded to the data bureau for processing/scanning.
- 2.10. To date over 120,000 forms have been received and publicity efforts will be maintained to ensure people are aware of the need to re-apply for a new pass to be issued for travel from 1 April 2008 and act accordingly.
- 2.11. DfT have requested that Metro be a mentor authority for the Yorkshire and Humber region. Metro has arranged a programme of meetings to facilitate discussions on common issues, including procurement options for ITSO smartcards.

Final Payments for 2006/07 and Revised Budget for 2007/08

- 2.12. The adjudicator's decision on the First Appeal required Metro to make an interim payment to First and to re-calculate final payments once all data for 2006/07 had been collected and analysed.

2.13. The key elements of this calculation are:

- passenger volumes derived from Metro's continuous on-bus surveys. These numbers are accepted by operators and are rarely disputed;
- the fares that would have been paid by concessionary travellers in the absence of a Concessionary Travel scheme. The adjudicator endorsed Metro's view that single cash fares should be discounted to take account of operator period tickets and probable operator concessions in the absence of a scheme;
- the number of generated journeys as a result of the Concessionary Travel scheme, calculated through an elasticity value (elasticity representing changes in demand in response to changes in price). More generated journeys implies a lower payment per passenger as many trips would not have taken place in the absence of a scheme and operators are therefore not losing any revenue from passengers who would not have paid for their journey;
- the level of re-imbusement with respect to any additional costs incurred by operators in carrying additional passengers.

2.14. A number of discussions have been held with operators about these calculations. The methodology adopted by Metro is accepted by all operators and remaining issues now relate to:

- the detailed calculation of fares that would have been paid by passengers in the absence of a scheme;
- the number of trips made by people who only obtained a pass because the free scheme is more 'generous' than the previous 35p flat fare scheme.

2.15. The impact of these factors, particularly the number of trips made by new pass holders, can have a significant impact on final payments for 2006/07 and hence the budget for 2007/08.

2.16. Metro has yet to receive the detailed report being prepared by First's consultant advisor to substantiate their claims that 'discounted' fares are higher than those calculated by Metro and that there are more journeys by new pass holders than Metro estimates. As a result it is not as yet possible to prepare a final report for consideration by the Authority.

2.17. First have been advised that these discussions must be brought to a conclusion by the end of September. A further detailed report will be prepared for the Concessionary Fares Working Group. The Authority will also consider the re-publication of the Scheme.

3. FINANCIAL AND LEGAL IMPLICATIONS

3.1. The Department for Transport has advised that it will reimburse Travel Concession Authorities at a rate of £4 per pass. It is expected that this will be sufficient to cover the associated costs of data capture and pass issue.

3.2. It is not as yet possible to detail the full financial implications of the First appeal. Further reports will be prepared for the Authority.

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 the report be noted.

**Director General
West Yorkshire Passenger Transport Executive**