

## CONCESSIONARY TRAVEL

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The purpose of this report is to provide the Committee with an update of the Concessionary Fares Budget 2008/09. The report sets out the estimated year-end position for 2008/09 and the revenue budget for 2009/10.

### **Recommendations:**

1. That Members note the estimated net year-end position of £466,000 compared to the net budget of £679,000 which represents an underspending estimate of £213,000. This estimate has increased since the estimate reported at the December meeting of the Committee.
2. That Members note the net revenue budget for 2009/10 of £531,000 and the progress to date in issuing concessions for 2009/10.

## **1. BACKGROUND**

- 1.1 Members received a report at its meeting of 4<sup>th</sup> December 2008 which set out the current concessionary travel arrangements. The report explained the extension to the mandatory travel scheme from 1<sup>st</sup> April 2008 which enabled eligible persons to travel anywhere in the country at off peak times (9.30 am – 11 pm weekdays and all day weekends and bank holidays).
- 1.2 It also explained that Copeland Borough Council operates a discretionary travel scheme, enhancing the mandatory arrangements. Discretionary travel arrangements extend to companions of the severely disabled and the provision of travel vouchers (value of £18) or a Rail Card. The travel vouchers and rail card offer provides a measure of rural-proofing for the scheme. The scheme has 17,000 eligible users which represents around 75% of those who could, have taken up the scheme.

- 1.3 Establishing the revenue budget for 2008/09 was difficult in the light of the changes to the mandatory scheme and estimates based on Government guidelines had been used in establishing a net budget for 2008/09 of £679,000.
- 1.4 Government recognised the costs of extending the mandatory scheme to a national level would impact on the Concessionary Authorities and additional grant was awarded to assist. Copeland received a grant of £208,000 for 2008/09 and grants of £213,000 for 2009/10 and £218,000 for 2010/11 will be received.
- 1.5 The forecast net year end results for 2008/09 contained in the report to the December meeting of the Committee was of an outturn of £560,000, representing an underspending of £119,000 compared to the net revenue budget.
- 1.6 Members will remember caution was expressed at the forecast as it was based on actual patronage information for a four month period, ending 31<sup>st</sup> July. The Cumbrian Concessionary Authorities, through the Cumbria Concessionary Travel Working Group had expressed dissatisfaction with the delays in receiving usage information from NOWcard bureau, who provide information on the use of the NOWcard bus pass. NOWcard were seeking to improve their practices and assurances were given at the Cumbria Concessionary Travel Working Group at its December meeting that the process would improve.
- 1.7 The report discussed at the December meeting also set out various scenarios to inform the budget preparation for 2009/10. The Committee recommended to Executive a continuation of the current concessionary fare travel arrangements in 2009/10, but mindful of the budget pressures facing the Authority felt that this could be contained within the current budget, given the forecast presented. At the meeting I provided a further verbal update – as information had been provided to 31<sup>st</sup> October period which suggested that the projection based on July figures remained reasonable and valid.

## **2 CURRENT SITUATION**

- 2.1 A revised forecast of the year-end position has been prepared. This is set out in Appendix A.
- 2.2 The turnaround of information from NOWcard bureau has improved since December. However, we are yet to be invoiced for the costs of the bureau, but we have included a provision for this in preparing the estimate for 2008/09.
- 2.3 The revised forecast, based on actual expenditure on bus travel to the end of January 2009 and actual expenditure on railcards and vouchers

- 2.4 Interestingly, this latest forecast shows gross expenditure on bus travel of £587,437 compared to actual in 2007/08 of £686,915, which represents a reduction of £99,478. The current mandatory scheme has the following effect upon expenditure in comparison to 2007/08 - expenditure on bus travel would be expected to reduce due to neighbouring authorities being charged for Copeland residents who are travelling back into Copeland from other areas and be increased due to Copeland paying for residents of other authorities who travel home after visiting Copeland. Therefore, the conclusion from the usage figures is all things being equal, the overall reduction indicates that there are more journeys made by Copeland residents outside the Borough than by residents of other authorities visiting Copeland.

### **3 LOOKING FORWARD – BUDGET 2009/10 and Onwards**

- 3.1 The forecast of £466,000 for 2008/09 compares to the net budget of 2009/10 of £531,000 which was confirmed through the agreement of the budget proposals agreed by Council at the Budget Meeting in February. Members will remember the budget proposal for 2008/09 maintained the provisions of the current scheme, but included reducing the total budget by £150,000 in line with the projections to the end of December. The budget of £531,000 is £65,000 greater than the year-end forecast for 2008/09 and should provide some capacity to absorb future growth if the underlying activity in 2009/10 is in some way extraordinary in the long-term.
- 3.2 The underspending will be confirmed as part of the year-end reporting process and if achieved, it will benefit Council reserves. Members will remember the budget for Concessionary Travel was increased in 2008/09 both by the government grant and additional funding from Copeland. Council agreed a reserve strategy as part of the budget proposal 2009/10 – 2011/12 which included a risk based reserve, recognising the vulnerability of the budget proposal (which is always based on estimates of future activity at a point in time). The risk based reserve includes a specific item in relation to the risk that concessionary fare costs may be in excess of the budget of upto £42,500. This provides some additional comfort in terms of managing the budget in 2009/10.

- 3.3 The issue of concessions for 2009/10 is progressing well. The processing of applications for bus passes is up to date with approximately 40 applications a week still being received. The administration of the scheme is being conducted by Copeland Direct, and the majority of work being undertaken by staff in the Millom office, with assistance from Finance.
- 3.4 The voucher applications received by the specified date of 20<sup>th</sup> February were all processed and have been posted. Applications for vouchers received after that date were processed once the stock of vouchers was delivered by the printers (weekend of 27<sup>th</sup> March). Railcards were posted out on the 26<sup>th</sup> March. Late applications for both vouchers and railcards which continue to be received will be processed as soon as possible.
- 3.5 A diary system has been introduced to process applications that have been submitted before the applicant is entitled e.g. where someone is 60 in April or May these will be processed at the appropriate time and this accounts for around 198 further applications.
- 3.6 Government has recently (10 March 09) issued a response to consultation document to clarify the definition of which services are eligible for the statutory bus concession in England, under the mandatory scheme i.e. for people over 60 and eligible disabled people. Changes to the eligibility criteria will come into effect on 1<sup>st</sup> April 2009, but funding allocations for the mandatory element will not be changed.
- 3.7 The thrust of the consultation was to bring clarification to the 'minimum' definition of eligible services for which the government scheme will cover, and as you would expect, Authorities continue to have the discretion to do more in addition to the mandatory scheme – but this must be funded by the Authority concerned. The main impacts will be negligible in terms of the scheme operated in Cumbria, and are as follows:-
- Specific services operated for historical interest or tourism which charge premium fares, or the vehicle is of historic value, will be excluded from the mandatory scheme, as they usually do not provide access to local services and charge higher fares than scheduled local services.
  - A service is not considered an eligible services if it is intended to operate for less than six consecutive weeks, but they do not have to run for at least once a week to be included, running once or twice a month for example, is eligible. This change was to accommodate the rurality nature of some services, which do not run weekly, but do run regularly within the six week period.

- Where a rail service has been withdrawn permanently and a permanent bus service replaces it, the permanent replacement bus service can be eligible, but temporary rail replacement bus services would be excluded.
- 3.8 The only change to the criteria of eligible services which may affect local users is that those services on which more than half of the seats can be reserved in advance of travel will be excluded from the statutory bus concession i.e. long-distance express services are to be excluded.
- 3.9 There has been no further comment by the Department of Transport, reported in the Local Government press before Christmas of the possibility of after 2010/11, that the responsibility for the administration of concessionary fares may transfer to higher tier authorities, i.e. County Council. This would result in revisions to the Revenue Support Grant allocation for Counties and Districts and the result might not be funding neutral to every individual authority. This was included in the Revenue Budget paper to Council in February as an uncertainty we will need to consider more carefully in preparing next year's update to the Medium Term Financial Strategy budget.

## **List of Appendices**

Appendix A – Forecast Year-End Projection 2008/09

## **List of Background Documents**

- Monthly management monitoring statements
- Concessionary travel usage analysis
- Council Revenue Budget 2009/10+ - Papers to Council meeting of 24<sup>th</sup> February 2009

## **List of Consultees**

Ann Fisher, Senior Accountancy Officer

Jane Salt, Head of Customer Services

Cheryl Cowperthwaite – Cumbria County Council – Acting Head of Passenger Transport

## **CHECKLIST FOR DEALING WITH KEY ISSUES**

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	Scheme includes concessionary

	element of travel vouchers and rail cards.
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	None – report author
Monitoring Officer Comments	None