

**REPORT TO EXECUTIVE****PORTFOLIO AREA: ENVIRONMENT AND INFRASTRUCTURE**

Date of Meeting: 12 June 2006

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: INITIAL REVIEW OF NEW 'FREE' CONCESSIONARY FARES SCHEME**Report of: Director of Corporate Resources****Report reference: RB1/06****Summary:**

This report makes suggestions on the factors to be taken into account in progressing the formal 5 months review of the concessionary fares scheme sanctioned by the Council on 23 February 2006.

The report further advises on the results of the initial review of the New 'free' Concessionary Fares Scheme. It suggests that current ridership and expenditure projections are broadly in line within predicted trends.

Recommendations:

The Executive is asked to consider and comment on the factors to be taken into account in progressing the review of the concessionary fares scheme as detailed in section 4 of the report.

The Executive is asked to note that based on April's ridership figures the cost of the new concessionary fares scheme to the Council i.e. '24/7' free travel within district and 60% within Cumbria (bus journeys starting or finishing within Carlisle) is broadly in line with ridership projections and budget available.

Contact Officer: Peter Mason**Ext:** 7270

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None
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CARLISLE CITY COUNCIL

To: THE EXECUTIVE

RB1/06

Date: 12 June 2006

INITIAL REVIEW OF NEW 'FREE' CONCESSIONARY FARES SCHEME

1. INTRODUCTION

- 1.1 Special Council of the 23rd February 2006 resolved (amongst other resolutions) that the Executive should review the Council's Concessionary Fares Scheme, after five months when actual ridership figures are available and following the responses to the representations made to the Minister for Local Government and Secretary of State for Transport.
- 1.2 This report advises on the suggested factors to be taken into account in undertaking the review. It further advises the Executive on the findings of an 'initial' review based on April 2006 ridership figure.
- 1.3 An early review date for the scheme was recommended to the Executive.
 - (i) to protect the Council's interests if actual pensioner ridership was significantly above predicted ridership under the new free scheme i.e. 30% increase predicted.
 - (ii) To take account of the 4 months notice the Council is 'under regulations' required to give bus operators if the scheme is to be amended. Due to the requirement to give 4 months notice to operators any amendments to the scheme resulting from the review could not be introduced until 1 January 2007 at the earliest.
 - (iii) To enable consideration of the Council's aspirations to improve the scheme further if actual ridership was below predictions and therefore below current base budget available (hence the Council reducing the recommended 6-month review to a review after 5 months at Council on the 23 February 2006).

2. INITIAL FINDINGS, PAYMENTS TO OPERATORS, CURRENT CONCESSIONARY FARES SCHEME

- 2.1 Based on ridership/reimbursement estimates for April 2006, estimated expenditure on concessionary fares reimbursement is in line with budget projections. Estimated reimbursement to operators in 2006/07 based on April ridership will be £1.494 million, budget available being £1.514 million. The estimate is slightly below budget due to annual ridership increase projections being 30% rather than the actual 28% for April. Also amended projections being included to take account of above (significantly) bus fare inflation due to fuel cost increases.

Note: in compliance with section

3. COMMENTS ON APRIL RIDERSHIP FIGURES

- 3.1 Experience from Wales (who introduced off-peak free concessions 2 years ago) is that ridership trends increase over time before settling down. It is therefore suggested that current increased ridership trends of 28% (compared to April 2005) will increase further over the summer months. May 2006 ridership figures should be available for reporting verbally at the Executive meeting.
- 3.2 There has also been a significant and continuing increase in bus pass take-up by qualifying residents that have not obtained a pass in the past. i.e. April 2005 193 passes issued, April 2006 627 passes issued i.e. 325% increase. Again the bus pass take-up increase is likely to settle down over time.
- 3.3 These factors are likely to increase reimbursement costs of payment to operators 'over time'. It is therefore suggested that the likely cost of the current Concessionary Fares scheme over the full 2006/07 year will be in the region of £1.525 – £1.6 million based on April's ridership taking account of likely trends detailed above. When April to September ridership figures are available the Council will be in a better position to estimate 2006/07 ridership trends and actual costs.
- 3.4 Early evidence therefore suggests that based on information currently available concessionary fares expenditure is likely to be over the 2006/07 budget provision available by in the region of £10.000 - £85.000.
- 3.5 It is therefore suggested that based on early ridership figures, that there is unlikely to be budget available within concessionary fares base budgets to look to further enhance the scheme in 2006/07 (or 2007/08) i.e. from the current '24/7' free travel within district and 60% within Cumbria (bus journeys starting or finishing within Carlisle).

4. WAY FORWARD

4.1 In reviewing the Concessionary fares scheme over the 5 months review period the following factors will be investigated.

- (i) Longer term ridership trends/remuneration costs and concessionary fares budget projections for 2006/07 (revised) and 2007/08.
- (ii) Take account of any Department of Transport/Treasury changes to scheme funding. See attached letter in response to the Council's and local MP's representations on the unfairness and inequitable nature of concessionary fares grant distribution. In summary the Minister for Local Government defends the grant distribution mechanism as fair. However he suggests that the new comprehensive spending review (timetabled for 2007) for the 2008/09 and 2009/10 settlement provides an opportunity to take a long hard look at issues such as the long term funding of concessionary fares. **Note:** No response on possible grant distribution amendments will be available to influence 5 months review.
- (iii) Any progress on further representations to be made following a meeting held between the Portfolio Holder and Council Officers and County Council (Officer) counterparts. The County Council has agreed 'in principle' to support further representations to be made to the Department of Transport. Representations being in regard to it being much fairer to allocate concessionary fares grant on a Countrywide rather than District basis i.e. the grant settlement to Cumbria as a whole is fair. It is only when it is split down (basis of allocation) to a district level that significant gainers (other Cumbria Districts) and losers, Carlisle become apparent, see appendix 1.
- (iv) Any prospects of renegotiating the generation factor with Stagecoach as appropriate.
- (v) Cost to Eden, Copeland and Allerdale of free ridership within Cumbria to ascertain cost of enhancing Carlisle's scheme should additional budget become available.
- (vi) Consultation with Concessionary passholders on Carlisle's current scheme.

Note: Only complaints to date are from passholders wanting to go to South Cumbria, Newcastle and Scottish destinations at concessionary rates. Except for pass holders wanting to go to Scotland no complaints about 60% concession (currently 50 pence flat rate) have been recieved.

5. LEGAL COMMENTS

Not Applicable

6. CORPORATE COMMENTS

SMT has been consulted on the outcome of the initial review of the new 'free' Concessionary Fares Scheme.

7. RISK MANAGEMENT ASSESSMENT

Robust monthly investigations of ridership trends will be actioned. Risk reduction measures will be initiated if ridership deviates from predicted trends.

8. EQUALITY ISSUES

Not Applicable

9. ENVIRONMENTAL IMPLICATIONS

Positive as the enhanced Concessionary Fares Schemes encourages more use of public transport i.e.28% increase based on initial review.

10. CRIME AND DISORDER IMPLICATIONS

Not Applicable

11. RECOMMENDATIONS

- 11.1 The Executive is asked to consider and comment on the factors to be taken into account in progressing the review of the concessionary fares scheme as detailed in section 4 of the report.
- 11.2 The Executive is asked to note that based on April's ridership figures the cost of the new concessionary fares scheme to the Council i.e. '24/7' free travel within district and 60% within Cumbria (bus journeys starting or finishing within Carlisle) is broadly in line with ridership projections and budget available.
- 12. REASONS FOR RECOMMENDATIONS**
- To clarify factors to be considered in meeting Full Council resolution to undertake a 5 month review the new 'free' concessionary fares scheme.

Revenues & Benefits

Carlisle

31 May 2006

PM/WB/RB1-06 Initial Review of new 'free' Concessionary Fares Scheme



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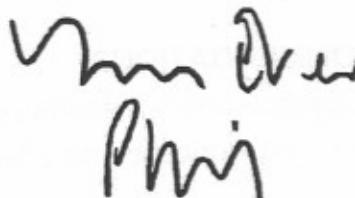
27 FEB 2006

Dear Eric

Thank you for your letter of 13 January. Since then we have of course confirmed the settlements for 2006/07 and 2007/08, in which Carlisle receives grant increases of 4.2% and 5.4%, respectively.

On your specific issue of the funding of concessionary fares, as you say, the Government have provided extra funding which correctly reflects the costs of free fares. We consulted extensively on the distribution of the additional money, and the settlement reflects the fairest way of sharing out the money. It takes account of factors that reflect support for the disabled and the needs of areas where take-up is likely to be highest. We listened carefully to all points made by those who responded to the consultation on our proposals and the settlement provides the framework for delivering effective local services.

I quite take your point that it might be sensible to review whether running and funding separate concessionary fares schemes at the level of each district council is the best way to deliver this. In the short term, I think we have found the fairest way forward we can. In the slightly longer term, the next Comprehensive Spending Review provides a good opportunity to take a long hard look at issues such as the long term funding of concessionary fares.


PHIL WOOLAS

APPENDIX 1

Projected Impacts by District (Cumbria Schemes)

District	Additional reimbursement for existing opassholders	Reimbursement for existing adult passengers	Allowance for additional costs	Inflation allowance (12% over 2 years)	Total increase in reimbursement	Proposed additional Revenue Grant allocation	Increase as % of Revenue Grant allocation
Allerdale	£279,373	£55,874	£19,734	£42,598	£397,579	£758,744	52%
Barrow	£254,961	£63,740	£21,080	£40,774	£380,555	£855,752	44%
Carlisle	£569,055	£142,264	£48,277	£91,152	£850,748	£751,669	113%
Copeland	£161,633	£32,326	£10,970	£24,591	£229,520	£587,657	39%
Eden	£63,175	£12,635	£4,288	£9,612	£89,710	£214,985	42%
South Lakeland	£230,961	£46,192	£15,676	£35,139	£327,968	£498,344	66%
CUMBRIA Total	£1,559,158	£353,032	£120,024	£243,866	£2,276,080	£3,667,151	62%

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