

CARLISLE CITY COUNCIL

Report to:- **Full Council**

Date of Meeting:- **17 January 2006**

Agenda Item No:-

Public	Policy/Operational	Delegated Yes
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Accompanying Comments and Statements	Required	Included
Environmental Impact Statement:	Yes	See Appendix 1
Corporate Management Team Comments:	Yes	Page 10
Financial Comments:	Yes	
Legal Comments:	Yes	
Personnel Comments:	Yes	
Impact on Customers:	Yes	

Title:- **Introduction of 'Free' Off Peak Concessionary Fares Scheme**

Report of:- **Head of Revenues and Benefits**

Report reference:- **RB13-05**

Summary:-

This report and attached appendices advises Council on the Executive's and Overview and Scrutiny's deliberations on the costed options available to the Council for operating a free concessionary fares scheme w.e.f. 1 April 2006

Recommendation:-

In considering the reason why an early decision on concessionary fares arrangements needed to be made by 23 January 2006 the Executive resolved.

- (i) That the Executive recommends the City Council on 17 January 2006 to approve **Option 3** for free on and off peak concessionary travel within the District as the concessionary travel scheme to be operated from 1 April 2006.

Contact Officer: **Peter Mason**

Ext: **7270**

04 January 2006

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from Reports attached appendices 1 and 2

CARLISLE CITY COUNCIL

To: Full Council

RB 13-05

Date: 04 January 2006

Introduction of 'Free' Off-Peak Concessionary Fares 1 April 2006

1. Background

- 1.1 The Executive meeting of 14 November 2005, as part of the early 2006/07 budget considerations received a report on the implications of the introduction of a 'free' off peak concessionary fares scheme.
- 1.2 This report (see appendix 1) considered the level of increase in scheme usage associated costs and additional Revenues Support Grant (RSG) made available towards funding the increased costs of the scheme. Also costed options available to the Council (net of RSG and current base budget provision) i.e.

<u>Option</u>	<u>Details</u>	<u>Cost</u>
1	Statutory free off peak concessionary travel within district	£ 27,000
2.	Free off peak travel on bus journeys starting or finishing in Carlisle	£ 99,000
3.	Free on and off peak travel within district only	£ 63,000
4.	Free on and off peak travel on bus journeys starting or finishing in Carlisle	£135,000

The Executive noted the shortfall in RSG and resolved that Option 1 i.e.free off-peak travel within the District would be considered as part of the budget process.

However the Executive requested officers to make further representatives to the ODPM in respect of the short fall in RSG targeted at concessionary fares. This request was actioned on 21 November 2005.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from Reports attached appendices 1 and 2

- 1.3 The Infrastructure Overview and Scrutiny of the 25 November 2005 in considering report RB8-05 on the implications and options set out in respect of free concessionary fares resolved:-
- i) That the Committee supports option 1 i.e. free off peak travel within the district.
 - ii) That the Executive be requested to review the situation once the position on RSG grant allocation was forthcoming and that the committee wishes to be included in the review process.
- 1.4 The Executive meeting of 19 December 2005 again as part of the 2006/07 budget consideration, received a follow-up report (Addendum to Report A1(c)) on the implications of the introduction of a 'free' off peak concessionary fares scheme (see appendix 2).
- 1.5 This report advised the Executive on the provisional RSG settlement and that it was not possible to identify the concessionary fares element of the settlement separately. Based on the information available the Executive revised their recommendation to Option 3.
- 1.6 The report informed the Executive that the Nowcard consortium which oversees the back office Smartcard technology have advised that the absolute deadline for a decision on what scheme the Council will operate from 1 April 2006 is the 23 January 2006. This is to enable Wayfarer the supplier of the technology to update all the Lancashire and Cumbria back office and bus operators operating systems in time for the 1 April 2006 start date.
- 1.7 In the circumstances the Executive was requested in consultation with the Infrastructure Overview and Scrutiny Committee to consider resolving the Council's concessionary fares arrangements w.e.f. 1 April 2006 in this Committee cycle. A final decision on which option to be progressed being resolved by Council on the 17 January 2007.
- 2. Consultation**
- 2.1 At the Executive meeting of the 19 December 2005 it was resolved that the four week consultation period on the revised Concessionary Fares Scheme recommendation required by the Council's constitution commence from the date of the meeting.
- 2.2 The Chairmen of Corporate Resources and Infrastructure Overview and Scrutiny Committees were contacted on 19 December 2005 advising that the recommendation had been changed (to option 3) asking whether a special meeting needed to be held to consult further on the Concessionary Fares issue. Both Overview and Scrutiny Committees advised that a further special meeting to discuss the matter was not required.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from Reports attached appendices 1 and 2

- 2.3 Concessionary passholders have contacted the Council's leader, portfolio holders, members and officers (and local MP's and media). They are commenting on the fact that they are unhappy that in their particular circumstances i.e. in travelling to destinations in other parts of Cumbria, usually for family reasons i.e. Workington, Whitehaven, Maryport, Alston and Penrith that they would now be worse off than under the current 60% concession.
- 2.4 For information, to meet the requirements of all Concessionary passholders i.e. all the Council's 12,000 passholders being better off under the new Concessionary fares scheme, the option 3 recommendation supported by the Executive on 19 December 2005 would require to be changed. Option 3 would need to be redefined as '3a'

'Free on and off peak travel within the district only and a 60% concession on other journeys within Cumbria starting or finishing in Carlisle'.

The additional cost to the Council of option 3a based on the ridership assumptions made in the main report at appendix 1 would be approximately £106,200.

2.5 Risk Assessment

The Council is again reminded that in the risk assessment detailed in Appendix 1, Section 4, concessionary ridership has been calculated at a modest increase of 30% (i.e. on 1 extra bus journey per week per passholder). If ridership increase has been understated the cost to the Council will be greater i.e. on additional £100 - £110,000 for every 10% increase in ridership (equivalent to 3% increase in Council Tax). The more generous the Council makes the Concessionary Fares Scheme over and above the statutory requirements the more likelihood of increased ridership.

3. **Recommendation**

In considering the reason why an early decision on concessionary fares arrangements needed to be made by 23 January 2006 the Executive resolved (at its meeting of 19 December 2005).

- (i) That the Executive recommends the City Council on 17 January 2006 to approve **Option 3** for free on and off peak concessionary travel within the District as the concessionary travel scheme to be operated from 1 April 2006.

REPORT TO EXECUTIVE

PORTFOLIO AREA:

Date of Meeting: 14 November 2005

Public/Private*

Key Decision: Yes/No

Recorded in Forward Plan: Yes/No

Inside/Outside Policy Framework

Title: INTRODUCTION OF FREE OFF PEAK CONCESSIONARY
FARES SCHEME APRIL 2006

Report of: Head of Revenues and Benefits Services

Report reference: RB 8/05

Summary:

This report advises the Executive on the implications of the introduction of the statutory off peak free concessionary travel scheme for pensioners and disabled people on 1 April 2006

Recommendations:

Members are requested to consider

- i) which of the 4 options set out the Council will introduce with effect from 1 April 2006 as part of the 2006/07 budget deliberations.
- ii) Should it opt for any of the four options that it does so for a six month pilot whilst actual costs of the free scheme are determined and effect on budget position fully understood.
- iii) Note that up to £70,000 bus fares inflation costs will be incurred irrespective of which option is progressed. This cost has been included in the options appraisals.

Contact Officer: Peter B 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

To: The Executive

RB 8/05

Date: 14 November 2005

INTRODUCTION OF FREE OFF PEAK CONCESSIONARY FARES SCHEME

APRIL 2006

1. INTRODUCTION

- 1.1 Under the current statutory Concessionary Fares Scheme pensioners and disabled people enjoy a 50% fares concession on all local buses within the district.
- 1.2 However since April 2002 the Council, in liaison with other Cumbria/Lancashire Authorities under the NOWcard initiative, has operated a countywide concessionary fares scheme i.e.
 - granting concessionary travel on all bus journeys within Cumbria
 - granting concessionary travel on bus journeys to neighbouring towns and cities e.g. Dumfries, Newcastle etc (outwith Nowcard arrangements)
 - increasing the fares concession from 50% to 60% (with effect from 1 April 2005)
 - allowing free concessionary travel over Christmas/New Year period in 2003 and 2004.
- 1.3 This report advises the Executive on the implications of the introduction of the statutory off peak free concessionary travel scheme for pensioners and disabled people on 1 April 2006

2. THE LEVEL OF INCREASE IN SCHEME USAGE AND ASSOCIATED COSTS

2.1 Consultants views on the Additional Cost of free Concession

Noted at Appendix 1 is an extract from a report commissioned by Cumbria/Lancashire concessionary fares group detailing likely additional take up and cost of free concessionary fares scheme when compared with current 50% concession.

2.2 The extract suggests:

- i) There will be a 21.7 % increase in concessionary ridership (and 12 % increase in fares inflation)

- ii) The additional cost to the council will be £850,748.
- iii) Taking account of D of T grant (on proposed grant distribution formula) of £752,000, the cost of the free scheme to the council will be £99,000 per annum
- iv) These figures incorporate current NOWcard additions i.e. before 9.30am and outside district travel arrangements being continued.

2.3 Head of Revenues and Benefits Views on the Additional Cost of Free Concession

Noted at Appendix 2 is an extract from the 'in-house' assessment of the impact of free concessionary travel based on current ridership statistics, supported by a consultation exercise undertaken with passholders.

2.4 The extract suggests that:

- A 20% increase in ridership would cost the Council £23,000 when compared with the current 50% concession.
- A 30% increase in ridership would cost the Council £131,000.

Note: These figures incorporate current NOWcard additions i.e. before 9.30am and outside district travel arrangements being continued

2.5 Survey Results

A survey was undertaken of current bus passholders to establish ridership trends if bus travel was free. 199 passholders were randomly selected and 122 responses obtained. The figures below translate the result of the 122 survey responses to the overall 11,000 Concessionary Passholders ridership patterns when the free fares scheme is introduced in 2006/07.

Number of Passholders	Current Weekly Ridership Cumulative	Free Scheme weekly Ridership Cumulative
6040 passholders would not undertake any additional journey	15,100	15,100
3340 would use bus a little more (assumed 1 additional single journey a week)	8,350	11,690

Number of Passholders	Current Weekly Ridership Cumulative	Free Scheme weekly Ridership Cumulative
1620 would use bus a lot more (2.5 additional single journeys per week based on October 05 survey)	4,050	8,100
Total 11,000	<hr/> 27,500	<hr/> 34,890

- 2.6 Based on survey, passholder ridership would increase by 27% (excluding any new passholders).
Note margin of error +/- 5% i.e. 22% - 32% increase in Ridership.
- 2.7 It is interesting to note that 11% of passholders use the bus before 9.30 am on occasions. Also 71% of passholders didn't know that concessionary travel would be free from April 2006.
- 2.8 Based on Consultants and 'in-house' projections (and current D of T grant proposals), the net cost to the Council of the new free concession compared to the 50% concession will be in the range of £99,000 to £131,000. The difference is down to increased ridership projections consultants' (21%), in house projections (30%) and, October 2005, a 6% increase in fares not taken into account on 'in-house' projections.
- 2.9 In 3 below four options varying from the basic statutory off peak free district bus travel scheme to the Countywide scheme are appraised. These options are costed based on 'in-house' projections but taking account of inflation and the current base budget funding of a 60% concession (rather than statutory 50%).

3. ESTIMATED COST OF FREE CONCESSIONARY FARES OPTIONS AVAILABLE TO COUNCIL (ASSUMED 30% INCREASE IN RIDERSHIP AND 10% FARES INFLATION)

3.1 Option 1 Statutory off peak fare concessionary travel within district.

	£000
Cost of scheme to Council	1421
Less additional SSA	(752)
Less current budget	(642)
Less budget increase fares inflation	
Net cost	27

For

- i) On cost/income assumptions made can be met from within current base. budget (providing £27,000 towards the cost of fares inflation agreed).
- ii) Least risk of overspends. (See 4.2 i)below)
- iii) Release budget provision for other Council priorities.

Against

- i) Council would need to withdraw from NOWcard initiative. See Note
- ii) Would have least beneficial Concessionary Fares Scheme in Cumbria/Lancashire (but still a much better concession to passholders than current scheme).

Note: The Council would need to replace NOWcards with a district based Smart Card. £50,000 is available in Renewals fund for Smart card replacement purposes (i.e. smart cards have to be replaced every 4-5 years in any event due to 'wear and tear').

3.2 Option 2 Off peak travel on all journeys starting or finishing in Carlisle.

	£000
Cost of scheme to Council	1493
Less additional SSA	(752)
Less current budget	(642)
Less budget increase fares inflation	—
Net Cost to Council	99

Note: Current on peak concessionary travel costs approximately £72,000 (based on 30% increase in ridership). It is suggested half this 'on peak' concessionary ridership would travel later i.e. after 9-30 to take advantage of free travel.

For

- i) Can remain in Cumbria/Lancashire NOWcard initiative.

Against

- i) Additional cost over and above current very generous concessionary fares commitment.

Note 1: If the Council decides to extend statutory scheme Countywide it is suggested that concessionary travel is restricted to buses starting or finishing in Carlisle district (due to cost and administration considerations).

3.3 **Option 3** Free concessionary travel on all local buses i.e. on and off peak in district only.

	£000
Cost to Carlisle City Council	1457
Less additional SSA grant	(752)
Less current budget	(642)
Less budget increase fares inflation	
Net Cost to the Council	63

For

- i) Difficult to administrate full fares to 9.30, free after, due to likely conflict. Also, 11% of passholders use bus before 9.30 a.m.
- ii) On Cost/Income assumptions made can be met from within current base budget (providing £63,000 contribution towards fares inflation increase agreed).

Against

- i) Would mean that the Council would have to withdraw from Cumbria/Lancashire NOWcard initiative.

3.4 **Option 4** Free on and off peak travel bus journeys starting/ending in Carlisle

- free concessionary travel on all local buses in district
- free across Cumbria and neighbouring cities/towns on local buses starting/finishing in Carlisle (see note).

	£000
Cost to Carlisle	1,529
Less Additional SSA grant	(752)
Less Current budget based on 60% concession	<u>(642)</u>
Net Cost to Council	135

For

- i) Over last 5 years the Council has co-ordinated concessionary travel in co-operation with other Cumbria and Lancashire Authorities, under the NOWcard Countywide initiative.

Against

- i) Council already committing significant and generous budget provision to Concessionary fares. An additional commitment would curtail budget allocation for other Council priorities.

Note 1: If the Council decides to maintain enhancements it is suggested that concessionary travel is restricted to buses starting or finishing in Carlisle district (due to cost and administration considerations).

Note 2: Budget increase of £70,000 recurring will be required irrespective of new free scheme in meeting fares inflation due to fuel cost increases.

4 RISK ASSESSMENT

- 4.1 The four options considered above range from a £135,000 cost to the Council to a £27,000 net cost to the Council, including up to £70,000 fares inflation (which would be an issue if current scheme maintained). This suggests that the net cost of the Council fully enhancing the statutory scheme would be in the region of £108,000.

4.2 There is a significant risk that the assumptions made are understated (or overstated) i.e.

- i) Increased ridership of 30% has been built into the assessments. If ridership has been understated the cost to the Council will be greater i.e. an additional £100,000 - £110,000 for every 10% increase in ridership. However if increased ridership has been overstated there will be a £100,000 - £110,000 reduction for each 10% overstated. It should be noted that the consultants suggest increased ridership of 21%. It should also be noted that the Welsh experience of the concessionary travel was a short-term upsurge in ridership when scheme initially introduced.

Risk Reduction

As the scheme is statutory there are no risk reduction measures that can be introduced to reduce the risk of understated ridership costs.

However on any additions to the statutory scheme the Council has a control mechanism i.e. it can reduce or withdraw any additions (at 4 months notice to operators).

It is therefore suggested that until the Council has more accurate ridership figures for the new free scheme that any of the four options progressed should be on a six months pilot basis. This will enable the implications of actual ridership trends to be established in informing the Council on the long term budget implications of the four option appraised.

- ii) Other assumptions made are under/overstated

Other assumptions made i.e.

- generation factor to be agreed with operators (assessed at 40%)
- government grant current RSG formulae suggesting £752,000 in grant is under review
- Bus fare inflation assumed at 10% could be underestimate (6% fares increase already introduced in October 2005) such assumptions could all be under or overstated.

Risk Reduction

Working with NOWcard consortium gives the Council a stronger negotiating position in agreeing a generation factor (Scottish Authorities only get 33.33%).

The Council has made representations on the inadequate D of T grant (however most Authorities particularly in Cumbria are gaining substantially from RSG distribution formulae).

Whilst bus fare inflation out of Council's control, fuel costs have stabilised.

iii) Reputational Risk

If Council is required to withdraw from NOWcard consortium the Council will have an inferior Concessionary Fares Scheme to other Cumbria Authorities.

Risk Reduction

Robust explanations to Council Tax payers and concessionary passholders of the cost of the statutory scheme to the Council and the fact that most passholders will benefit from free scheme.

5. CONTRACTURAL OBLIGATIONS

- 5.1 Should the Council resolve, not to continue with the NOWcard Countywide Concessionary Fares Scheme then 4 months notice has to be given to bus operators of our reconsideration from the NOWcard scheme.
- 5.2 If the Council is not in a position to decide on the way forward on the NOWcard initiative by 1 December 2005 it will need to give notice of reconsideration of NOWcard scheme to local bus operators.

6. SUMMARY OF OPTIONS AVAILABLE

- 6.1 The Executive is asked to consider the options noted in 3 above i.e.

<u>Option</u>	<u>Details</u>	<u>Cost</u>
1	Statutory free off peak concessionary travel within district	£ 27,000
2.	Free off peak travel on bus journeys starting or finishing in Carlisle	£ 99,000
3.	Free on and off peak travel within district only	£ 63,000
4.	Free on and off peak travel on bus journeys starting or finishing in Carlisle	£135,000

- 6.2 As suggested in the risk assessment many assumptions have been made in the above costings. Depending on actual increased ridership, generation factor agreed, actual fares inflation, Government grant, etc the additional cost could be under or overstated.

7. CONSULTATION

- 7.1 Consultation with Concessionary Passholders detailed in 2.5 – 2.7 of the report.
- 7.2 Consultation proposed with Infrastructure Overview & Scrutiny Committee 22 November 2005.

8. RECOMMENDATIONS

- 8.1 Members are requested to consider
- iv) which of the 4 options set out the Council will introduce with effect from 1 April 2006 as part of the 2006/07 budget deliberations.
 - v) Should it opt for any of the four options that it does so for a six month pilot whilst actual costs of the free scheme are determined and effect on budget position fully understood.
 - vi) Note that up to £70,000 bus fares inflation costs will be incurred irrespective of which option is progressed. This cost has been included in the options appraisals.

9. REASONS FOR RECOMMENDATIONS

11. IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – } All involved and comments included in report
- Legal – } “ “ “
- Corporate – } “ “ “
- Risk Management – Risk Management issues detailed in 4 of the report
- Equality Issues – Improved service provisions for pensioners and disabled people
- Environmental – Could result in marginal reduction in road congestion
- Crime and Disorder – Not applicable

- Impact on Customers – Not applicable

Peter B Mason
HEAD OF REVENUES AND BENEFITS SERVICES

Revenues & Benefits

Carlisle

04 November 2005

PM/EL/RB-05 Introduction of Free off peak Concessionary Fares Scheme April 2006

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%

Carlisle Concessionary Fares**APPENDIX 2**

Financial Impact of New Free Fares Scheme

	Current Scheme Approx Based on 50% Concession	Free Scheme Current Ridership reimbursement 73.9%	20% Increase in Ridership	30% Increase in Ridership
	Cost £000	£000	£000	£000
Carlisle See Note 2	535	1069	1282	1390
Generation	188	378	453	491
Passholders	724	-	-	-
Cumulative full Fare	1447	1447	1735	1881
Increased cost to Council	N/A	534	747	855
Increased income to operators	N/A	(190) see note	23	131
Additional SSA Grant	-	752	752	752
Net cost to Council	-	(218)	(5)	103

Note: Obviously operators would not allow increased generation factor if Ridership remained at current levels.

Note 2: £535 based on 50% concession, Carlisle granting 60% concession increasing cost to £642,000.

Addendum to Report A1(c) Section 5.1
Introduction of Free Off Peak Concessionary Fares 1 April 2006

The Executive at its meeting of the 14 November 2005 considered the implications of the introduction of the statutory off peak free concessionary travel scheme for pensioners and disabled people on 1 April 2006 (Report RB8-05). The report considered the level of increase in scheme usage associated costs and additional Revenues Support Grant (RSG) made available towards funding the scheme. Also costed option available to the Council (net of RSG) i.e.

<u>Option</u>	<u>Details</u>	<u>Cost</u>
1	Statutory free off peak concessionary travel within district	£ 27,000
2.	Free off peak travel on bus journeys starting or finishing in Carlisle	£ 99,000
3.	Free on and off peak travel within district only	£ 63,000
4.	Free on and off peak travel on bus journeys starting or finishing in Carlisle	£135,000

The Executive noted the shortfall in RSG and resolved that Option 1 i.e. free off-peak travel within the District would be considered as part of the budget process.

However the Executive requested officers to make further representatives to the ODPM in respect of the short fall in RSG targeted at concessionary fares. This request was actioned on 21 November 2005.

The Infrastructure Overview and Scrutiny of the 25 November 2005 in considering report RB8-05 on the implications and options set out in respect of free concessionary fares resolved:-

- i) That the Committee supports option 1 i.e. free off peak travel within the district.
- ii) That the Executive be requested to review the situation once the position on RSG grant allocation was forthcoming and that the committee wishes to be included in the review process.

As advised to the Executive earlier on the agenda the provisional RSG settlement was announced on 5 December 2005. However after seeking advice from the LGA the Council has been advised that it is not possible to identify the concessionary fares element of the settlement separately.

The Nowcard consortium which oversees the back office Smartcard technology have advised that the absolute deadline for a decision on what scheme the Council will operate from 1 April 2006 is the 23 January 2006. This is to enable Wayfarer the supplier of the technology to update all the

Lancashire and Cumbria back office and bus operators operating systems in time for the 1 April 2006 start date.

In the circumstances the Executive is requested in consultation with the Infrastructure Overview and Scrutiny Committee to consider resolving the Council's concessionary fares arrangements w.e.f. 1 April 2006 in this Committee cycle. A final decision on which option to be progressed being resolved by Council on the 17 January 2007.

Recommendation

The Executive is requested to give final consideration (subject to full council sanction) on the Council's arrangements for operating the free concessionary fares scheme with effect from 1 April 2006.

EXCERPT FROM THE MINUTES OF THE INFRASTRUCTURE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 25 NOVEMBER 2005

IOS.100/05 BUDGET 2006/07 TO 2008/09 – NEW PRIORITIES FOR REVENUE SPENDING

The Director of Corporate Services submitted report FS.24/05 summarising priorities for new revenue spending to be considered as part of the 2006/07 Budget process. Details of the ten individual revenue bids for recurring expenditure and one revenue bid for non-recurring expenditure were submitted.

The Executive on 14 November 2005 had considered the report (EX.219/05 refers) and referred it for consideration as part of the 2006/07 Budget process.

Members then gave consideration to the following bids which fell within the remit of the Infrastructure Overview and Scrutiny Committee –

(a) Concessionary Fares Increase

Councillors Mrs Mallinson (Chairman), Allison, Dodd, Miss Martlew, Mrs Rutherford and Stockdale, having declared personal interests, remained within the meeting room and took part in discussion on this item of business.

The Head of Revenues and Benefits Services reported that this bid related to the introduction of the statutory off peak free concessionary travel scheme for pensioners and disabled people on 1 April 2006. In support of the bid he presented report RB.8/05 containing detailed information on the implications thereof. Whilst additional Department of Transport grant would be provided to the City Council, it was estimated that there would be an additional cost of £99,000 should the current NOWcard additions be retained.

Four options had been presented for consideration –

Option 1 – statutory off peak free concessionary travel within the district at an additional cost of £27,000;

Option 2 – off peak travel on all journeys starting or finishing in Carlisle at an additional cost of £99,000;

Option 3 – free concessionary travel on all local buses, i.e. on and off peak in district only at an additional cost of £63,000;

Option 4 – free on and off peak travel for bus journeys starting/ending in Carlisle at an additional cost of £135,000.

A Budget increase of £70,000 recurring would be required irrespective of the Government's new free scheme to meet fares inflation due to fuel cost increases.

Referring to the Council's contractual obligations, Mr Mason further reported that it had been thought that notifying the bus operators of the Council's intention to look at the Scheme would satisfy the Act. He had, however, just been advised by letter that the Council must publish its new Scheme for 1 April 2006 as at 1 December 2005. In response to that deadline the Town Clerk and Chief Executive had written an emergency letter to the Department of Transport asking for a decision on the level of grant allocation to be awarded to the City Council.

At the invitation of the Chairman, the Portfolio Holder for Environment, Housing, Infrastructure and Transport explained the background to the Executive's consideration of the Concessionary Fares Travel Scheme. The Executive did not wish to detract from the very good scheme currently provided in Carlisle, which was the most generous in the County, and the need to make a decision by 1 December 2005 was problematic.

The Executive on 14 November 2005 (EX.220/05 refers) had decided –

1. That Option 1 for statutory off peak free concessionary travel within the District is the preferred option of the Executive for consideration as part of the 2006/07 Budget process. This option would not be the subject of a 6 month pilot.
2. That it is noted that up to £70,000 bus fares inflation costs, which would be incurred irrespective of which option is progressed, had been included in the options appraisals.
3. That the Executive approves the implementation of free bus travel for all concessionary pass holders for a two week period at Christmas 2005 with the cost being met from within existing base Budgets.
4. That the Town Clerk and Chief Executive, in conjunction with the Head of Revenues and Benefits, be requested to write to the Department for Transport seeking clarification as to how the Grant is determined and pointing out the inequality in the level of grant awarded to Carlisle City Council compared to every other Local Authority in Cumbria.

During discussion Members raised the following questions and observations –

- (i) Members thanked the Executive and Officers for engaging with them on the issue of concessionary fares, but were appalled at the tight timescales by which a decision required to be reached and the lack of a firm indication as to the level of grant to be awarded to the City Council, which had ramifications for the Budget process.

Members would have found it beneficial to have been advised of the updated position prior to the meeting (by e-mail or telephone) and asked that Officers ensure that was done in future.

- (ii) If the Council's preferred option was Option 1 (i.e. the cheapest option) and additional funding subsequently became available, could the Scheme be

revisited with a view to upgrading it?

In response, the Portfolio Holder for Finance and Resources suggested that if the Council's preferred option was Option 1 and circumstances changed then the Scheme could be reviewed.

Members asked that the Committee be included in any review process.

The Portfolio Holder for Environment, Housing, Infrastructure and Transport drew attention to inequalities in the scheme which particularly affected people in the rural area and which were of concern.

- (iii) In response to Members' questions, Mr Mason clarified that it would not be necessary for the Council to withdraw from the NOWcard consortium; that the ODPM was currently reviewing the grant distribution formulae and the Council might either gain or receive less grant; and there was no change as regards Rail Cards.
- (iv) In response to questions regarding free concessionary travel over the Christmas period, Mr Mason advised that an increase of approximately 35% in rider ship could be expected over that period and that was not budgeted for at present.

The Portfolio Holder for Environment, Housing, Infrastructure and Transport cautioned that free concessionary travel over the Christmas period had been funded from underspends which could not be guaranteed in future.

- (v) Mr Mason was unaware of any system whereby people in the rural area could travel by taxi upon production of a disc.

RESOLVED – (1) That the Committee supports Option 1 for statutory off peak free concessionary travel within the District as the preferred option.

(2) That the Executive be requested to review the position once a decision on the level of grant allocation was forthcoming and that this Committee wishes to be included in the review process.

(b) Cleaner Neighbourhoods Act and Area Working

The Director of Corporate Services reported that this bid was in respect of measures to ensure effective community awareness and enforcement of environmental legislation on a wide range of high profile neighbourhood issues, including the establishment of Community Wardens, to improve the environmental quality of neighbourhoods. It was envisaged that efficiencies could be found to support the initiative by re-allocating from within existing resources by the rationalisation of the functions and duties of existing staff.

Members were of the view that they could not give proper consideration to the matter until they had sight of the relevant Business Plan. A Member added that the Council was not particularly strong on enforcement.

In response, the Director of Community Services indicated that detailed guidance was awaited from Government on the Cleaner Neighbourhood Act in addition to which the Council was in the process of restructuring. It was work in progress and he was not therefore in a position to put forward a business case. The Committee would, however, play an integral part in shaping the Business Plan as it came forward.

Members wished to highlight that a contingency should be included within the Budget in readiness for implementation of the new Act.

RESOLVED – (1) That the Committee supports the bid, and requests that contingency arrangements are included within the Budget in readiness for implementation of the Cleaner Neighbourhood Act.

(2) That the Committee wished to have sight of the Community Services Business Plan as soon as possible or, alternatively, a briefing paper updating them on the current position.

(c) Carlisle Housing Association Grounds Maintenance Contract

Councillors Mrs Mallinson (Chairman), having declared a personal interest, remained within the meeting room and took part in discussion on the matter.

Councillor Dodd, having declared a personal interest, remained within the meeting room but took no part in discussions.

Currently there was approximately £43,000 of support costs charged to the contract. If the contract with Carlisle Housing Association (CHA) was not renewed on 1 April 2006 those costs would be retained by the Council and savings would need to be found accordingly.

A Member commented that Ward Members were concerned at the operation of the CHA contract and many would be asking for further resources to make it more attractive to the Association. He questioned whether the £43,000 would be significant as regards the Council winning that contract. Another Member added that certain Parish Councils may not renew grass cutting contracts.

In response the Director of Community Services explained that the Council undertook grounds maintenance work for CHA on a contractual basis. The Association's intention was to define that specification and investigate prices. Officers would strive to tender and win the contract but, should the Council be unsuccessful in the tendering process, residual costs of £43,000 would require to be met by the Council.

The Director of Corporate Services stressed that the proposals detailed in table 1 within report FS.24/05 were those regarded as the highest priority in meeting the Council's corporate objectives.

The Deputy Chief Executive suggested that it would be helpful to Officers if, in identifying a contingency, the Committee could give an indication of lower priorities from where monies could be found.

A Member responded that it would be difficult for the Committee to give such an indication without being in possession of full budget statements. Another Member considered Talkin Tarn to be a lower priority.

RESOLVED – That the Committee's concerns, as outlined above, be taken on board as part of the 2006/07 Budget process.

**EXCERPT FROM THE MINUTES OF THE
CORPORATE RESOURCES
OVERVIEW AND SCRUTINY COMMITTEE
HELD ON 6 DECEMBER 2005**

**CROS.133/05 INTRODUCTION OF FREE OFF PEAK CONCESSIONARY FARES
SCHEME APRIL 2006**

The Head of Revenues and Benefits Services submitted report RB.08/05 containing detailed information on the implications of the introduction of the statutory off peak free concessionary travel scheme for pensioners and disabled people on 1 April 2006. A Bid had been included in the report on priorities for new revenue spending as part of the 2006/07 Budget process.

At present the current statutory Concessionary Fares Scheme provided a 50% fares concession on all local buses within the district. However, since April 2002, the City Council, in liaison with other Cumbrian/Lancashire Authorities under the NOW card initiative, had operated a countywide concessionary fares scheme details of which were provided.

The Government was to introduce a statutory free off peak concessionary fares scheme with effect from 1 April 2006. Whilst additional Department of Transport grant would be provided to the City Council, it was estimated that there would be an additional cost of £99,000 should the current NOW card additions be retained.

Four options were presented for consideration –

Option 1 – Statutory off peak free concessionary travel within the district at an additional cost of £27,000;

Option 2 – Off peak travel on all journeys starting or finishing in Carlisle at an additional cost of £99,000;

Option 3 – Free concessionary travel on all local buses, i.e. on and off peak in district only at an additional cost of £63,000; and

Option 4 – Free on and off peak travel for bus journeys starting/ending in Carlisle at an additional cost of £135,000.

The Head of Revenues and Benefits further reported that a Budget increase of £70,000 recurring would be required irrespective of the Government's new free scheme to meet fares inflation due to fuel cost increases.

The Executive on 14 November 2005 (EX.220/05 refers) had decided –

1. That Option 1 for statutory off peak free concessionary travel within the District is the preferred option of the Executive for consideration as part of the 2006/07 Budget process. This option would not be the subject of a 6 month pilot.
2. That it is noted that up to £70,000 bus fares inflation costs, which would be incurred irrespective of which option is progressed, had been included in the options appraisals.
3. That the Executive approves the implementation of free bus travel for all concessionary pass holders for a two week period at Christmas 2005 with the cost being met from within existing base Budgets.
4. That the Town Clerk and Chief Executive, in conjunction with the Head of Revenues and Benefits, be requested to write to the Department for Transport seeking clarification as to how the Grant is determined and pointing out the inequality in the level of grant awarded to Carlisle City Council compared to every other Local Authority in Cumbria.

In considering the matter, Councillors P Farmer, Mrs Prest and Stevenson indicated their support for Option 1 for statutory off peak fare concessionary travel within the district. Councillors Atkinson, Ms Quilter, Stockdale and Mrs Styth wished it to be recorded that they had reserved judgement pending the receipt of further information.

A Member further noted that free off peak travel may not mean the provision of a regular bus service.

RESOLVED – That Councillors P Farmer, Mrs Prest and Stevenson supported the Executive's preferred option (Option 1) for statutory off peak free concessionary travel within the District, but that Councillors Atkinson, Ms Quilter, Stockdale and Mrs Styth had reserved judgement on the matter.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 19 DECEMBER 2005

EX.259/05 GENERAL FUND REVENUE BUDGET SUMMARY 2005/06 TO 2008/09 (Key Decision)

Councillors Firth, Bloxham, Geddes and Knapton, having declared personal interests, remained in the meeting room and took part in the discussion on this item.

Portfolio Finance and Resources

Subject Matter

The Director of Corporate Services submitted Report FS.34/05 providing a summary of the City Council's Revenue Budgets for 2005/06 (revised) and the base estimates for 2006/07 with projections to 2008/09.

The report also considered the impact of any saving and new bid proposals together with the provisional Revenue Support Grant settlement figures received from the Office of the Deputy Prime Minister on 5 December 2005 for both 2006/07 and 2007/08, and the potential impact on the Council's overall Budget projections.

The Head of Revenues and Benefits submitted an addendum to the report concerning the concessionary fares scheme to be adopted from 1 April 2006. At the Executive meeting on 14 November 2005, it had been decided to consider, as part of the Budget process, Option 1 for statutory free off-peak concessionary travel within the District at a cost of £27,000.

The Executive had also asked that representations be made to the Office of the Deputy Prime Minister concerning the shortfall in Revenue Support Grant targeted at concessionary fares. A letter had been sent on 21 November 2005.

The Infrastructure Overview and Scrutiny Committee, in supporting Option 1, had requested the Executive to review the position once a decision on the level of grant allocation was forthcoming and that the Overview and Scrutiny Committee wished to be included in the review process.

The Head of Revenues and Benefits advised that the Local Government Association had indicated that it was not possible to identify separately the concessionary fares element from the overall provisional Rate Support Grant settlement announced on 5 December 2005.

It was necessary, however, for the Council to advise, by 23 January 2006, the Nowcard Consortium, which oversees the Smartcard technology, of its decision on the scheme to be operated from 1 April 2006 in order to give sufficient time for the operating systems to be updated. A decision on this element of the Budget would, therefore, need to be taken by the City Council on 17 January 2006.

Councillor Bloxham, Environment, Housing, Infrastructure and Transport Portfolio Holder, reported that, having considered the addendum on concessionary travel, he now wished to propose Option 3 providing for free on and off peak travel within the Carlisle District only at an additional cost of £63,000. This represented a significant benefit for the elderly and disabled qualifying residents to the statutory scheme previously proposed which provided for free concessionary travel within the Carlisle District at off peak times only.

Summary of Options Rejected

None

DECISION

1. That the Executive will take Report FS.34/05 into account when formulating its Budget proposals for 2006/07.
2. That the Executive recommends the City Council on 17 January 2006 to approve Option 3 for free on and off peak concessionary travel within the District as the concessionary travel scheme to be operated from 1 April 2006.
3. That the four week consultation period, required by the Council's Constitution, in respect of the concessionary travel scheme proposal commence from the date of this meeting.

Reasons for Decision

The information contained in Report FS.34/05 will enable the Executive's draft budget proposals to be prepared for consultation purposes.

The recommendation on the concessionary travel scheme is more beneficial than originally proposed and will ensure that Carlisle's scheme remains one of the most attractive in Cumbria.