



REPORT TO EXECUTIVE

AI (a) (ii)

PORTFOLIO AREA: Policy, Performance, Management, Finance and Resources

Date of Meeting: 4 November 2003

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: RE OPTIONS FOR ENHANCING CONCESSIONARY FARES
SCHEME

Report of: Head of Revenues & Benefits Services

Report reference: RB15/03

Summary:

Should the Executive wish to progress enhancing the Concessionary Fares Scheme to 'say' a 60% concession (from 50%) with effect from 1 April 2004, the cost to the Council would be £130,000 p.a. This would reduce to £60,000 p.a. if the current underspend on the Concessionary Fares budget of £70,000 was used to support the enhanced scheme. This would need to be incorporated into the budget process.

Recommendation:

The Executive's views are sought on how they wish to progress options for enhancing the Concessionary Fares Scheme.

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CITY OF CARLISLE

To: The Executive
Date: 4 November 2003

RB 15/03

RE OPTIONS FOR CONCESSIONARY FARES SCHEME

1. INTRODUCTION

- 1.1 At its meeting of the 9 June 2003 the Executive requested that a report be prepared on the possibility of increasing in a staged manner, the concession given to Carlisle bus pass holders.
- 1.2 Although this high profile initiative is currently out with Corporate Plan priorities, enhancing the Concessionary Fares Scheme, would contribute to Council priorities in areas such as anti-poverty, rural issues and pensioners/disabled people mobility.
- 1.3 This report considers the options and potential budget implications of enhancing the Concessionary Fares Scheme.

2. EXPERIENCE OF OUR NEIGHBOURING AUTHORITY

- 2.1 Scottish Borders who like Carlisle used to operate a half fares scheme in following a Scottish Parliament initiative moved to free concessionary travel from 1 October 2002.

- 2.2 Statistics for Scottish Borders 'old' 50% concession, and Carlisle's for comparison are detailed below.

	<u>Scottish Borders</u>	<u>Carlisle</u>
01/04/02 – 30/09/02		
	£	£
Passholders, Elderly,	8,560	11,470
Disabled*	603	595
Railcard holders	-	1,000
Annual cost of Scheme		
In payment to operators	200,000	410,000
Generation Factor	25%	15%

- 2.3 Statistics for Scottish Borders new free travel scheme and indicative figures for Carlisle on a pro rata basis are detailed below

	Scottish Borders	Carlisle
WEF 1 st Oct 2002		Pro rata
	£	£
Passholders		
- Elderly	14,676	19,665
- Disabled	1,660	1,638
<u>Annual cost of Scheme</u>	685,484	1,405,000
Generation Factor	33%	?

- 2.4 Based on Scottish Borders experience the additional cost to Carlisle of the introduction of free concessionary travel would be approximately £1m per annum. However whilst Scottish Borders has a similar population (i.e. 106,000/24,000 pensioners) it covers a largely rural area exceeding 4,731 sq. kilometres. Bus journeys are therefore likely to be longer but the bus network is much less developed than in Carlisle.

3. **HELP THE AGED**

- 3.1 In a recent publication 'Fare Fares' Help the Aged are calling for the Government to give a commitment to fund a nation wide system of free concessionary bus travel to people over 60 living in England.

- 3.2 In the publication Help the Aged advise that they have received correspondence from Minister John Spellar suggesting that the cost of extending the current 50% concession to free travel in England would be £300m per annum. Pro-rata the additional cost for Carlisle based on this estimate is £700,000.
- 3.3 My personal view is that this estimate is on the low side as Carlisle's bus fares are overall higher than the national average and it ignores free travel for disabled residents.

4. FINANCIAL IMPLICATIONS OF ENHANCED CONCESSIONARY TRAVEL SCHEME

- 4.1 A long term goal of free Concessionary travel, based on Scottish borders experience, at an additional cost to the Council of £1 million per annum would appear to be well in excess of what it would be acceptable for the City Council to meet from its own resources (equivalent to a minimum of a £30.00 increase in its Band D Council Tax).
- 4.2 Should the Executive be minded to enhance the current Concessionary Fares Scheme significantly, bearing in mind the impact on the Council Tax levels a consultation exercise should be undertaken with Council Tax payers generally to seek their views on the initiative. This could be progressed via the Council Tax payers budget consultation arrangements. The initiative could then be progressed taking account of the views of Council Tax Payers.
- 4.3 However should the Executive be minded to enhance the Concessionary Fares Scheme to 'say' 60% w.e.f. 1.4.2004 then the estimated additional cost would be £130,000 p.a.
- 4.4 These estimates take no account of increased pensioner ridership (due to enhanced concession), or above inflation increases in bus fares (5% in 2003/04).
- 4.5 Due to better base management data i.e. moving to payments to operators based on actuals rather than surveys there is a recurring underspend of £70,000 in the current concessionary Fares budget. Providing this underspend is not taken to support other Council initiatives then the net increase in budget provision, of the enhanced concession would reduce to £60,000 p.a.

Note: Base budgets for 2004/05 will be calculated assuming a 5% increase in bus fares.

5. OTHER ISSUES

5.1 National Trends

Carlisle's scheme is already very generous in giving half fare concessions for any bus journeys within Cumbria and to neighbouring towns e.g. Newcastle and Dumfries. The statutory scheme only requires the Council to operate a 50% concession within the district boundary. If the Council increased the concession to greater than half fare it would probably be the most generous Concessionary Fares Scheme operated by a district Council in the County (a free scheme would certainly be the most generous) and would be likely to generate National media coverage. Other generous schemes being operated are by Metropolitan Councils where separate transport authorities are able to precept on the billing authority. It should be noted that due to cost factors the trend amongst Metropolitan Councils is for schemes to be reduced.

5.2 Corporate Plan Objectives

An enhanced Concessionary Fares Scheme would certainly link in well with Corporate objectives including:-

i) Rural Transport Issues

Bus operators would incorporate more routes in their timetables to accommodate pensioners demand. Such bus services would be available to all bus users.

ii) Anti-poverty Issues

This initiative would help low income pensioners and disabled people benefit from reduced transport costs. However it does not assist other low-income groups. Other Authorities have enhanced their Concessionary Fares Schemes, by giving concessionary travel to students, unemployed people etc (rather than enhance the scheme for pensioners).

5.3 Government Grants

Whilst no investigations have been undertaken on whether any Government grants are available to support enhanced concessionary travel it is unlikely.

5.4 Off Peak Travel

90% of pensioners currently travel at off peak times therefore restricting concessionary travel to off peak times would only have a marginal effect on costings (and would be unpopular with pensioners who travel at peak times).

6. CONSULTATION

6.1 Consultation proposed.

See 4.2 above.

7. SUMMARY AND RECOMMENDATIONS

- 7.1 Should the Executive wish to progress enhancing the Concessionary Fares Scheme to 'say' a 60% concession (from 50%) with effect from 1 April 2004, the cost to the Council would be £130,000 p.a. This would reduce to £60,000 p.a. if the current underspend on the Concessionary Fares budget of £70,000 was used to support the enhanced scheme. This would need to be incorporated into the budget process.
- 7.2 The Executive's views are sought on how they wish to progress options for enhancing the Concessionary Fares Scheme.

8. REASONS FOR RECOMMENDATIONS

- 8.1 Responding to an Executive request that a report be prepared on the possibility of increasing the concession given to Carlisle's bus pass holders.

9. IMPLICATIONS

- Staffing/Resources –
None
- Financial –
Financial costs detailed in the report have been taken into account in the 2004/05 draft budget bids and base budget review reports considered elsewhere in the agenda (see A1a).
- Legal –
Not applicable
- Corporate –
The Corporate Management Team support the views expressed in the report that the additional cost to the Council of free concessionary travel would appear to be well in excess of what it would be acceptable for the City Council to meet from its own resources.
- Risk Management –
Not applicable
- Equality Issues –
Would improve concessions to pensioners and disabled people.

- Environmental –
This initiative might have a minor effect in reducing car journeys into the City.
- Crime and Disorder –
Not applicable

Peter B Mason
HEAD OF BENEFITS & REVENUES SERVICES

Benefits & Revenues Services
Carlisle
23 October 2003
PM//EL/RB15/03

