

Department for Transport

December 2009

CONCESSIONARY BUS TRAVEL – BULLETIN #19

A package of reforms to concessionary bus travel in England was announced on 9 December as part of the Pre-Budget Report (PBR).

The PBR statement includes an estimate of potential efficiencies of £180 million per annum from 2012/13 (against an estimate of a rising baseline cost for concessionary travel in the absence of any changes). This estimate is based on the combined impact of a number of different reforms, which should collectively put concessionary travel on a sustainable footing going forward.

A detailed set of Questions and Answers with regard to the announcements can be found on our website at the link below and are being distributed with this bulletin.

<http://www.dft.gov.uk/pgr/regional/buses/concessionary>

Administrative Reform

The package announced in the PBR includes plans for the longer term reform of the way in which the concessionary travel scheme is administered. Subject to parliamentary approval, from April 2011 responsibility for the administration of concessionary travel (including both the statutory minimum concession and discretionary travel concessions) will move exclusively to upper tier local authorities (e.g. county councils, unitaries and PTEs).

This announcement follows a consultation earlier in the year which looked at a number of options for changes to the administration of concessionary travel. Thank you to all those who responded to this consultation - we received over 200 responses in total.

The statutory minimum bus concession is a successful and popular policy that the Government intends to continue offering to older and disabled people in England. It is therefore important to ensure that the right structures are in place to implement and administer it and that they are sustainable in the longer term.

Significant changes have taken place to the scope of concessionary travel in England over the past decade. Despite these changes, and an associated rise in funding, the administrative arrangements for concessionary travel have remained the same. Moving the administrative responsibility to upper tier local authorities will play a key part in the long term sustainability of the scheme.

This reform will bring with it many benefits, including:

- Enabling efficiencies to be realised, through economies of scale and by reducing the number of negotiations with bus operators;
- Making accurate funding by formula easier (due to the reduced number of authorities involved);
- Harmonising concessionary travel with wider transport authority responsibilities for the first time; and
- Assisting with the roll-out of smart ticketing (due to the increased capacity and wider geographical scope of upper tier authorities)

The full consultation response document is available at:

<http://www.dft.gov.uk/pgr/regional/buses/concessionary>

Change in Age of Eligibility

The Pre-Budget Report announcement also included plans to make changes to the age of eligibility for concessionary bus travel in line with changes that are being made to harmonise eligibility for pensioner benefits with the state pension age from April 2010.

As the pensionable age for women gradually increases from 60 to 65 over the ten-year period from 2010 to 2020, so too will the age of eligibility for the concessionary bus pass for both men and women.

The changes to the age of eligibility will not impact on anyone already in possession of a bus pass. The changes will only affect those due to turn 60 on or after 6th April 2010.

Until pensionable age is equalised between the sexes in 2020, men will continue to become eligible for a concessionary bus pass when they reach the pensionable age of a woman born on the same day.

Reimbursement

After consulting with stakeholders, we have decided on reflection not to issue revised reimbursement guidance until the outcome of the recent judicial review hearing becomes clear.

We will shortly be receiving final research reports from ITS Leeds to underpin a new approach to reimbursement. We will work with bus operators and local authorities over the coming months to develop an improved approach to reimbursement for use from April 2011. We expect this new approach to be both simpler and more directive and it should lead to more accurate reimbursement across the country.

Ticketing Strategy

The PBR statement refers to encouraging smart ticketing in England. The Department will be making a detailed announcement on how this will be achieved, including some firm commitments on action by Government, when it launches its smart and integrated ticketing strategy in the next few weeks.

2010/11 Special Grant

We would like to remind you that the consultation regarding the distribution of the concessionary travel special grant allocations to local authorities for 2010/11, as announced by Sadiq Khan on 4 November, closes on 30 December.

The consultation document and response form can be found at:

<http://www.dft.gov.uk/pgr/regional/buses/concessionary/informationlocalauthorities/>

This consultation is in response to concerns that have been raised by a number of local authorities over the current distribution of the grant and follows a review of the costs incurred by authorities during the first full year of the new concession.

We do hope you will respond positively to the consultation. We would encourage you to respond as early as possible in order to assist us in finalising the grant allocations at the earliest opportunity. This is especially true if you are providing your own evidence in support of a revised estimate of the size of the burden that needs to be funded by the grant.

Concessionary Travel Online Community

If you would like to discuss the issues raised in this bulletin or anything to do with concessionary travel, with others working in this area then CTOC (the Concessionary Travel Online Community) is the place to go. The community is a forum for partners involved in delivering the concession, including local authorities and bus operators, to share best practice, ideas and practical tips. Follow the link below to sign up:

<http://www.communities.idea.gov.uk/c/844620/home.do>

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Concessionary Travel - PBR Announcement Q&As

Administrative Reform

1. What options were considered?

The consultation looked at three proposals for how concessionary travel is administered.

- Leaving things as they are (with lower-tier authorities, usually District Councils).
- Moving to higher tier authorities (usually County Councils)
- Centralising administration with the Department for Transport or one of its agencies.
- A further option was to administer the concession at a regional level, although this would require primary legislation and therefore a longer timescale to implement.

2. Why are you making these changes?

A number of problems with the current arrangements for administering concessionary bus travel have been identified by local authorities, stakeholder groups and operators. These include:

- scheme variations across Travel Concession Authority (TCA) boundaries;
- too many negotiations with bus operators;
- lack of capacity in some TCAs;
- difficulty of accurately funding TCAs;
- the non-alignment of TCA and Transport Authority responsibilities.

The Government believes that moving responsibility to upper tier local authorities will help to overcome these problems.

3. When will the changes be made?

Subject to Parliamentary approval the changes will come into force in April 2011, which is the start of the next three year local government finance period.

4. Why weren't these changes introduced before the launch of the England-wide concession in April last year?

Introducing England-wide travel in 2008 put considerable demands on local government and operators. It required primary legislation and the issuing of 8 million smartcard passes by 291 local authorities across England. Attempting to change the tier of government responsible at the same time would have made this still more challenging and put the delivery of the concession at risk. The Government took the view that the new concession should be given time to bed in before considering any more changes.

5. Will these changes address the concerns of some local authorities regarding funding?

These proposals are not a response to the funding concerns of a few local authorities. The Department has been working on a review of the administrative structures of concessionary travel since April 2008.

However, we believe that one of several benefits of moving the administration of concessionary travel to a higher-tier of government is that it would allow more accurate funding for concessionary travel.

The changes to the system will provide an opportunity to look again at how the totality of the funding for concessionary travel is distributed for the start of the next three year local government finance settlement, which starts in April 2011.

6. Will local discretionary concessions still be offered?

It is not the intention of these proposed changes to have any impact on the additional entitlements offered by local authorities. We recognise that for many people these discretionary enhancements are the most valuable part of the concession.

Upper tier authorities will be able to take into account the differing needs of their individual residents in determining which discretionary concessions to offer and who is eligible for them and could retain different discretionary concessions in different district areas if they wish.

Even though the responsibility for administering discretionary concessions is being removed from district councils, they will still retain their well-being powers under the Local Government Act 2000 and Local Transport Act 2008. These powers enable all local authorities to promote or improve economic, social, or environmental well-being within their area. District authorities could therefore enter into separate contracts with bus operators to provide travel concessions under these powers (as some already do with respect to offering discretionary concessions to unemployed people). The contracts put in place under these powers would be on a participatory rather than compulsory basis and would be entirely separate to the concessionary travel schemes agreed at a county level under the Transport Acts of 1985 and 2000.

This means that the changes to statutory responsibility need not necessarily have any impact on the current pattern of discretionary concessions in England.

7. Why are you moving responsibility for administering discretionary concessions when there wasn't a consensus in favour of this?

The Government believes that in order to deliver the full benefits of administrative change it makes sense to keep responsibility for the statutory minimum and discretionary concessions together. Therefore although there was not a clear consensus on who should administer discretionary concessions, given the majority view in favour of upper tier administration for the statutory minimum concession, we have decided to keep the two responsibilities together at upper tier level.

This view was supported by the majority of the major bus operators and by a number of key passenger representative groups, who as well as recognising the efficiencies from such an approach, believed this would reduce confusion at an operational level.

8. I am a district/ county/ unitary council. How will the changes affect the funding I receive from Government?

The changes will have implications for the funding of local authorities from 2011/12. From this point non-metropolitan district councils will no longer receive funding for concessionary travel. Formula grant funding will be directed to county councils, unitary authorities, metropolitan districts and the 33 Travel Concession Authorities in London from 2011/12.

In addition to formula grant funding, Travel Concession Authorities currently receive special grant

funding direct from the Department for Transport. The special grant funding is solely to cover the additional cost of the improved concession that was introduced in April 2008. The current intention is to divert this funding into formula grant once the new concession has bedded in. Special Grant is currently paid to the Passenger Transport Executives in metropolitan areas and to London Councils in London. If this grant were to continue beyond 2011, there would be no change in the arrangements for PTEs, London and unitary authorities following the administrative changes. Communities and Local Government (CLG) will consult separately on the funding implications of the changes as part of the formal consultation on the next three-year local government finance settlement. This consultation is scheduled to commence in July 2010.

9. Does this mean that county councils will have to reissue concessionary bus passes in 2011?

No. Current passes will remain valid until their expiry date, as is already the case in those authority areas which have recently become unitary authorities.

From April 2011 it will be up to county councils to decide on the best way to issue passes going forward. One option will be for district councils to continue to undertake this activity on behalf of the county.

Change in Age of Eligibility

10. I reach the age of 60 after 6th April 2010. When will I get my bus pass?

From 6th April 2010, the age of eligibility for concessionary travel for women will be pension age and for men it will be the pensionable age of a woman born on the same day.

The state pension age for women is rising by five years over a period of ten years. The age of eligibility will rise incrementally, that is, in stages, between 2010 and 2020. The earliest age for men and women to get bus passes will therefore rise gradually, from 60 on 6 April 2010 to 65 on 5 April 2020. The Government decided that this would be the fairest method, rather than introduce a one-off rise which would leave those currently close to retirement age facing a full five-year delay.

The age of eligibility for the state pension is scheduled to rise by two months every one month. This means the earliest date on which you can get your bus pass will depend on which month you were born in and will not fall on your birthday. The table below sets out when those approaching the age of 60 will become eligible for their concessionary bus pass.

Table 1 - Dates of Eligibility for Concessionary Bus Passes	
Period within which date of birth falls	Day become eligible for concessionary bus pass
Before and including 5th April 1950	Date of 60th birthday
6th April 1950 to 5th May 1950	6th May 2010
6th May 1950 to 5th June 1950	6th July 2010
6th June 1950 to 5th July 1950	6th September 2010
6th July 1950 to 5th August 1950	6th November 2010
6th August 1950 to 5th September 1950	6th January 2011
And so on...	

There is also a ready reckoner tool which enables people affected by the pension age changes to see at

what age they become eligible for their state pension and associated benefits. You can find this on the DirectGov website at:

<http://pensions.direct.gov.uk/en/state-pension-age-calculator/home.asp>

For the purposes of working out the date of eligibility for the bus pass using this tool, you should enter your gender as female. The date of state pension age calculated will be the date on which you become eligible for the concessionary bus pass. However if you are male, this will not necessarily be the same date on which you become entitled to the state pension.

11. Are you taking my bus pass away from me?

Absolutely not. For people who have already reached the age of 60 or are due to do so before 6th April 2010 there will be no change whatsoever. Even if you have not already taken up your entitlement to a bus pass, you will be unaffected by the changes if your 60th birthday is before 6th April 2010.

12. Will I have to wait until I'm 65 to get my bus pass?

You will only have to wait until you are 65 to get a bus pass if you were born after 5th April 1955. See the 'When will I get my bus pass question' above for details on how to calculate when you will be eligible for a bus pass.

13. Why have working age men been entitled to a bus pass in the past?

The purpose of the concession has always been to provide greater freedom and independence to older people in their retirement. Until 2002, eligibility for the concessionary bus pass was linked to the state pension age, meaning women became eligible at 60 and men at 65.

However, in 2000 this difference was challenged as discriminatory in the European Court of Human Rights. The Government pre-emptively took the decision to lower the age of entitlement for men and in 2002 new legislation was passed that equalised the age of eligibility for both sexes at 60. However, this meant that, for the first time, concessionary bus travel was made available to older people of working age.

With the difference in state pension age for men and women set to disappear between 2010 and 2020, it is appropriate to re-establish the link with pension age and remove the anomalous position of working age citizens receiving free bus passes.

14. What about other age-related benefits I'm entitled to?

The Government has already announced that the entitlement age for a number of other benefits currently available at 60, such as pension credit and winter fuel payments will increase in line with changes to the female state pension age.

In addition to confirming that the age of eligibility for concessionary travel will increase in line with the pension age changes, the Government also announced in the Pre-Budget Report that the age of eligibility for free prescriptions will increase.

Further information can be obtained from the DirectGov website or directly from the Government Departments that offer other age-related benefits.

No one currently entitled to other age-related benefits will be affected. The changes will only affect those due to turn 60 on or after 6th April 2010.

15. How many people will be affected by this change?

In 2010, around 92,000 older people will be affected. By 2020 there will be around 3 million people aged between 60 and 64 who will not be eligible for a bus pass until they are 65.

16. Will you be cutting money paid to local authorities for concessionary travel?

These changes are expected to generate savings for local authorities, which will be taken into account when funding allocations are set in future local government finance settlements. No reductions are being made to the overall amount of funding available for concessionary travel in 2010/11 as a result of these changes.

There is an entirely separate consultation process underway at the moment with regard to the special grant funding allocations for 2010/11, which may result in adjustments to the grant allocations for individual authorities in 2010/11. However the total amount of special grant funding available in 2010/11 will remain unchanged at £223m.

17. I live in Wales/ Scotland/ Northern Ireland - when will I get my bus pass?

Concessionary travel is a devolved policy area so the arrangements in Scotland, Wales and Northern Ireland will be a matter for the devolved administrations.

Currently the age of entitlement in Scotland, Wales and Northern Ireland is 60.

Other Q&A**18. The PBR announcement referred to £180m of efficiencies from concessionary travel. How will this be achieved?**

There are a number of areas of work which are expected to generate efficiencies. These include the change in the age of eligibility for the concession, streamlining of the administration of concessionary travel, proposals to simplify how bus operators are reimbursed for carrying concessionary passengers and the Government's wider strategy on smart and integrated ticketing. This is an estimated figure for potential savings in 2012/13 in relation to a further estimate of the cost of concessionary travel in that year, which could be expected to rise over time without these changes.

19. What changes are being made to the way in which bus operators are reimbursed for concessionary travel?

None yet. The current approach based on the existing regulations and guidance will continue for the time being. However the Department has commissioned detailed research on this area and is in discussion with bus operators and local authorities about how the process can be improved. It is likely a much simplified and more directive approach will be in place from April 2011.

20. What is the Government doing to speed up the rollout of smartcards across the bus network?

The Department for Transport has recently concluded a consultation process on smart and integrated ticketing. The Government's strategy on smart and integrated ticketing will be published very shortly. It will set out a number of concrete commitments aimed at speeding up the rollout of smart ticketing across England.

21. Isn't the concessionary travel scheme unsustainable in the long term?

There are no plans to withdraw the concessionary bus pass. The right to free bus travel for older and disabled people is enshrined in Primary Legislation.

Concessionary travel is a popular policy that gives greater freedom and independence to 11 million older and disabled people and a recent survey suggests around 95% of the population believe it's right that they are entitled to travel for free on off-peak buses.

22. Are you introducing means testing?

Absolutely not. The right to free bus travel for older and disabled people is enshrined in Primary Legislation. The Government has no plans to introduce means testing for concessionary bus travel and local authorities have no powers to apply means-testing to those applying for a pass in their areas.

For related documents, pages and internet links, see the column on the right.