

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR ENVIRONMENT

**REPORT OF ASSISTANT DIRECTOR OF DEVELOPMENT AND
COMMUNITY STRATEGY**

Report prepared by Clive Cheeseman

Date Issued: 18 February 2010

**1. CHANGES TO CONCESSIONARY TRAVEL ENTITLEMENT AND
ORGANISATION**

1.1 Issue for Decision

- 1.1.1 To consider announcements regarding the entitlement to, and the future organisation of the administration of Concessionary Travel, made by the Department for Transport on the 9 December 2009 as part of the Pre-Budget Report.

1.2 Recommendation of Assistant Director of Development and
Community Services

- 1.2.1 That the announcement by the Department for Transport in respect of forthcoming changes in eligibility for concessionary travel from April 2010 and the organisation of concessionary travel from April 2011 be noted.
- 1.2.2 That given the appreciation by local residents of the current discretions within the Kent Countywide scheme that the Cabinet Member for Environment encourages Kent County Council to retain these when the responsibility for Concessionary travel passes to them in April 2011.

1.3 Reasons for Recommendation

1.3.1 BACKGROUND

- 1.3.2 In April 2009 the Department for Transport consulted on proposals to change the administration of concessionary travel with a view to transferring responsibility for the function to higher tier authorities (i.e. Kent County Council).
- 1.3.3 A package of reforms to concessionary travel in England was announced in a bulletin issued by the Department for Transport on the 9 December 2009. This indicated that as part of the Pre-Budget

Report the following changes to Concessionary travel would be taking place;-

- Change in Age of eligibility – to match the changes in pension ages for women from April 2010.
- Administrative reform – to move responsibility for concessionary travel to higher tier authorities from April 2011.
- An update on plans regarding changes to re-imbursement to operators in preparation for April 2011.
- The intention to move towards smart and integrated ticketing.

A copy of the Department for Transport Bulletin and Questions and Answers is attached in Appendix A.

- 1.3.4 A short consultation was also issued by the Department for Transport regarding proposals to adjust, from April 2010, the amount of Special Grant that local authorities would receive towards the cost of the National Bus Pass. A response was required and sent to the DfT by the 30 December 2009 deadline (attached at Appendix B).

CHANGE IN AGE OF ELIGIBILITY

- 1.3.5 The current age of eligibility for concessionary travel for both men and women is 60. From the 6 April 2010, the age of eligibility for both will be increased in line with the pensionable age for women. 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 between 2010 and 2020, and the date of eligibility to receive a bus pass will match these dates. In effect it will rise by two months every month, and the date of eligibility will depend on the month in which a person was born not the actual date of their 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...	

ADMINISTRATIVE REFORM

- 1.3.6 Subject to parliamentary approval, from April 2011 overall responsibility for the administration of concessionary travel (including both the statutory minimum concession and discretionary travel concessions) will move exclusively to upper tier authorities (e.g. county councils, unitaries and Passenger Transport Executives).
- 1.3.7 Once this approval has been granted arrangements would be made for the responsibility for concessionary travel in Maidstone from April 2011 to move to Kent County Council.
- 1.3.8 Responsibility for discretionary travel would also pass to Kent County Council from the same date. At present such discretions in the Maidstone area are;-
- A start time of 0900 on Mondays to Fridays as against the national requirement of 0930 (currently funded by KCC).
 - Companion passes, which are not required by the national scheme (currently funded by MBC).
 - Acceptance of the National Bus Pass on Maidstone Park and Ride services (currently funded by MBC).
 - Acceptance of the National Bus Pass on Community Bus operations at Lenham and Stockbury (currently funded by MBC).

These discretions are generally welcomed by the population of the Borough in receipt of concessionary travel and Kent county Council is urged to continue to operate them on transfer of the service.

Kent County Council initiated the introduction of the 0900/0930 discretion and has been supportive of the issuing of companion passes and their acceptance throughout the county.

The Department for Transport has defined a "special element" category of services where passengers pay for more than the bus journey. This includes operations such as Park and Ride, hotel shuttles and tourist services. In such cases it is left to the discretion of the local authority as to whether or not the national bus pass is accepted. If Park and Ride were to be excluded it would be on the basis that part of the charge is for parking which is likely to raise liability for VAT on all charges (fares) on the service. It would also disadvantage local residents who walk into the site/s to use the service, or board at the additional stops provided on Sittingbourne Road outside of the Park and Ride site.

During 2009/10 Community Transport operations at Lenham and Stockbury were set up to provide replacements for post bus services that had been withdrawn in their areas. As they are being provided under permit operation the local authority is not obliged to permit the acceptance of the National Bus Pass on these services. This was reported to the Cabinet Member for Environment who approved funding by Maidstone Borough Council of these services on the 22 May 2009.

The financial implications of these discretions are outlined in section 1.7.2 of this report.

- 1.3.9 Upper tier authorities will be required to take account of the differing needs of their residents and will be permitted to retain different discretionary concessions in different districts if they so wish.
- 1.3.10 District Councils will still retain their well being powers under the Local Government Act 2000 and Local Transport Act 2008, which would enable them to enter into separate contracts with bus operators to provide travel concessions under these powers. These would be participatory rather than compulsory and would be separate to the National scheme being administered at the County level.
- 1.3.11 It will be up to County Councils to decide on the best way to issue passes after responsibility transfers to them in April 2011. One option will be for district councils to continue to undertake this activity.
- 1.3.12 At present Kent County Council have not indicated their intentions in response to this or other aspects of the announcement. It is understood that they will be considering these matters during the next few months.
- 1.3.13 There may then be TUPE implications in respect of the transfer of any such responsibilities currently undertaken by Council staff. See also section 1.7.3.

- 1.3.14 The Department for Communities and Local Government (DCLG) 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 due to commence in July 2010. See also 1.3.21 for details of proposals in respect of Special Grant payments.

CHANGES TO OPERATORS' REIMBURSEMENT

- 1.3.15 Following a consultation by the Department for Transport on the matter they have decided not to issue revised reimbursement guidance until the outcome of a recent judicial review hearing becomes clear. Further research is currently being undertaken to enable an improved approach to reimbursement to be introduced from April 2011.

TICKETING STRATEGY

- 1.3.16 The Pre Budget report indicated that there was a wish to improve the accuracy of information by encouraging smart ticketing in England, the strategy for which was subsequently issued on the 15 December. To enable it to begin to be introduced from 2011 the nine largest urban areas in England are to receive special funding (none of these areas are within Kent). Elsewhere the Bus Service Operators Grant (fuel tax rebate) will be adjusted to pay an additional sum to operators who have smart ticketing infrastructure installed on their buses. In addition it is understood that Kent County Council are hoping to be able to provide funding to assist bus operators in the provision of such equipment.

SPECIAL GRANT FUNDING TO LOCAL AUTHORITIES

- 1.3.17 With the introduction of the National Bus Pass in April 2008 a Special Grant was made to local authorities, in addition to the Formula Grant, with the intention that it should meet the additional costs incurred.

For Maidstone in 2009/10 the overall cost of reimbursement to bus operators is estimated at £1,883,390; Formula Grant is £616,670 and the Special Grant is £455,000; the Council contributes a further £811,720 to enable the total cost of the scheme to be covered and hence services delivered to the public. Further financial information is provided in section 1.7.2 of the report.

- 1.3.18 There has been concern that the amounts of funding received by some authorities from both sources fall short of the total costs being incurred by the new national arrangement. This has led to the Department for Transport reviewing the Special Grant element of

these payments and proposing to redistribute this between some authorities in 2010/11. The arrangements in the consultation document did not propose any change to the amount of Special Grant received by Maidstone Borough Council.

- 1.3.19 These proposals are specifically limited to the Special Grant element of funding and only take account of the actual affect of the introduction of the National pass.

They were discussed at a meeting of Local Authorities called by the Local Government Association on the 10 December. This sought to better inform authorities on the various issues raised by the consultation to assist in their responses to the Department for Transport. It was considered that the proposals did not address historic funding issues through the receipt of insufficient Formula Grant, the funding differences that arise from districts already participating in area schemes or other cost pressures and changes. Also that information provided by authorities to the Department for Transport had been used by them to adjust expected grant figures without any given rationale. Whilst some authorities who had clearly not received enough grant to meet the cost of the national concession gained, others saw their grant reduced to compensate for this. Such actions indicated that there are flaws in the mechanisms for funding concessionary travel. It was generally considered that the failure to address the matter as a whole meant that the current funding arrangements are "not fit for purpose".

As only a short period was allowed for responding to these proposals by the deadline on the 30 December a letter was sent by the Leader which is copied in appendix B.

NEXT ACTIONS

- 1.3.20 The current Kent Countywide scheme is administered by Kent County Council on behalf of the Kent districts and Medway Council. It is anticipated that they will be considering their response to these changes during the next few months, at which point they will be contacting the Districts to formally discuss the implications.

1.4 Alternative Action and why not Recommended

- 1.4.1 The Council needs to be informed of the announcement by the Department for Transport of changes in Concessionary Travel administration, of its potential effects on residents, and the expected financial implications to enable timely consideration to be given to these matters and for residents to be informed. Some of these matters will only become clearer once Kent County Council has taken a view on how it intends to administer the new system and which

discretions it will then continue to provide. These matters will be the subject of a subsequent report or reports.

1.5 Impact on Corporate Objectives

1.5.1 A place to achieve, prosper and thrive – A place to live and enjoy -

The concessionary fares scheme enables people to take advantage of the bus services that are available in the borough to access developing retail, cultural and leisure opportunities. Any restriction may therefore limit the access that some persons will have to these services.

A place that is clean and green –

The concessionary fare schemes encourage people to use public transport rather than the private car which benefits the environment.

1.6 Risk Management

1.6.1 There is a risk that the forthcoming consultation by DCLG in July 2010 may result in an adverse transfer of Formula and Special Grant funding from the Council to Kent County Council placing financial pressure on other council services.

With the change of responsibility for the National Bus Pass to Kent County Council they may decide not to continue with one or more of the current bus pass discretions. This could result on pressure being placed on the Council to provide funding through its well being powers to enable them to continue.

There is a potentially serious financial risk for the Park and Ride service should Kent County Council decide to classify it as a "special element service" so that it no longer receives concessionary fares revenue.

Discussions will therefore be taking place with Kent County Council during the coming months to ensure that they are fully aware of the need for such discretions.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing

X

3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 FINANCIAL CONSIDERATIONS

The following table indicates the expected cost of the National Bus Pass for 2009/10 based on the latest estimates as at the end of 2009.

NATIONAL BUS PASS ESTIMATED COSTS 2009/10	£
Total cost of reimbursing bus operators within Kent	18,788,599
Contribution by KCC for travel between 0900/0930	602,467
Total paid by Kent Districts and Medway Council	18,186,132
Of this Maidstone Borough Council pays	1,883,390
Special Grant	455,000
Formula Grant	616,670
Balance funded by Maidstone Borough Council	811,720

Note: Approx. 26,000 residents are currently in receipt of bus passes. The Borough Council is required to pay for all journeys made by National Bus Pass holders in the authority's area irrespective of where they live.

Administration costs are not included in the above.

CURRENT DISCRETIONS - ESTIMATED COSTS 2009/10	£
0900/0930 (currently funded by Kent County Council)	62,000
Companion passes (currently funded by MBC)	12,000
(Estimate based on additional journeys made by the companion and 151 passes currently on issue. The holder is eligible to retain a basic bus pass)	

Park and Ride	195,000
Community Transport	7,000

(This is likely to increase to £15,000 in 2010/11 as only one of the two intended schemes has so far commenced operation)

1.7.3 STAFFING IMPLICATIONS

The work on concessionary travel is currently split between Planning Policy and Customer Services. Once Kent County Council have indicated whether they wish to retain any part of the pass issuing function at a district level it will be necessary to consider the resource and staff implications of this. This currently equates to the equivalent of one FTE in Customer services.

1.8 Background Documents

1.8.1 None.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes ☐ No ☒

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes ☐ No ☒

Reason for Urgency

None

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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