

# Environment, Development and Transport Committee

<b>Report title:</b>	<b>Concessionary travel scheme for older and disabled people</b>
<b>Date of meeting:</b>	<b>12 October 2018</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe - Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> The English National Concessionary Travel Scheme (ENCTS) is a mandatory scheme which gives free bus travel in England for people eligible by nature of their age or disability. The scheme is designed to promote independence and reduce isolation for some of the most vulnerable members of our community, and therefore fits with NCC's corporate priorities and key principles.	

## Executive summary

The English National Concessionary Travel Scheme (ENCTS) was introduced in 2008. In 2011 the duty to manage and administer the scheme transferred to Norfolk County Council (NCC) from district councils, so Norfolk is the Travel Concession Authority (TCA).

The scheme is mandatory as determined by the Transport Act 2000 (as modified by the Concessionary Bus Travel Act 2007). Our minimum obligation is to offer free travel on local bus services from 0930 to 2300 Monday to Friday and at all times on weekends and public holidays, for all eligible older and disabled people who start their journeys in Norfolk.

TCAs are responsible for reimbursing bus operators for the costs of this free travel, in accordance with statutory requirements, such that they are neither better nor worse off as a result of the scheme.

Funding for concessionary travel was rolled into Formula Grant back in 2011-12 so it is now paid through Revenue Support Grant. This means that there is now no visibility of the rolled in amounts within the Settlement and any allocation for concessionary fares will have reduced with overall reductions in Settlement Funding.

However we do know that the original settlement for Norfolk when the scheme transferred from the district councils was significantly less than the cost of the scheme – the Norfolk districts spent £11m on delivering the scheme in 2010/11 but the Settlement received by NCC from DCLG for 2011/12 was £7.227m, giving a shortfall of at least £3.773m.

In 2017/18 the total spend on concessionary travel was £11,655,935. Payments to operators totalled £11,530,538; the remaining spend of £125,397 was for management and administration of the scheme.

### Recommendations:

The EDT Committee is asked to:

- **Note the contents of this report and the shortfall in concessionary funding, to seek support from Norfolk's MPs and to lobby for a fairer settlement to cover the full costs of the English National Concessionary Travel Scheme (ENCTS) for Norfolk.**

## 1. Proposal

- 1.1. ENCTS is a mandatory scheme and there are limited options to reduce cost. The majority of spend is for reimbursement to operators for journeys made by passholders.
- 1.2. Since 2011 NCC has negotiated a fixed reimbursement pot with operators, which caps the amount of money that they will be reimbursed each year. Each operator is reimbursed a percentage of this pot according to the number of journeys that are made by passholders on their services.
- 1.3. TCAs are responsible for reimbursing bus operators for the costs of this free travel, in accordance with statutory requirements, such that they are neither better nor worse off as a result of the scheme. Operators do not receive the full fare for each journey made by a passholder, but receive on average 40p for every £1 of their average fare, which is in line with the scheme guidance.
- 1.4. 2017/18 was the start of a new 3-year agreement until 2019/20, with the fixed pot agreed as follows:

2017/18	2018/19	2019/20
£11,415,538	£11,586,771	£11,644,705

- 1.5. Additional Capacity Costs of £115,000 are also paid for the Coasthopper service, as the operators need to run additional vehicles to cope with the number of passholders travelling on that service (in order to meet the principle of 'no better, no worse off').
- 1.6. Re-negotiation of the fixed pot will start in September 2019. It is hoped that the operators will agree a further fixed pot as this gives financial certainty to NCC and will maintain network and service stability.
- 1.7. The minimum obligations of the scheme are to offer free travel on local bus services from 0930 to 2300 Monday to Friday and at all times on weekends and public holidays. TCAs can offer discretionary enhancements to this minimum offer at their own cost.
- 1.8. In Norfolk the discretionary enhancements we offer are:
- Pass holders who are unable to travel unaided can have a companion travel with them for free
  - All day travel at all times for blind and partially sighted passholders
  - Free travel on some bus services before 0930 where the only or main shopping journey of the day departs before 0930.
- 1.9. The cost of these enhancements is minimal compared to the overall spend, and are estimated to be as follows:
- Companion travel - £20k per year
  - All day travel for blind and partially sighted - £30k per year
  - Travel before 0930 where there is no service after 0930 - £60k per year
- 1.10. Removing these discretionary enhancements would directly affect disabled travellers and those unable to access any other public transport service, which would lead to social isolation for the most vulnerable in our society, and therefore it is not recommended to proceed with this option.
- 1.11. Contracts for the management and administration of the scheme (e.g. pass printing) are re-procured every 3 years.
- 1.12. There is therefore little scope to make any savings on the concessionary travel

budget.

## **2. Evidence**

- 2.1. There were 186,493 Norfolk passes in circulation at 31st March 2018 (173,046 elderly passes and 13,447 disabled passes). This represents an estimated take up rate of the ENCTS at 81.1% using the Office for National Statistics 2016 estimated for persons aged 65+ and over, plus an allowance of 8% for disabled.
- 2.2. Norfolk has a higher than average number of older people, particularly in north Norfolk, which leads to a higher than average spend on concessionary travel.
- 2.3. In addition to this, NCC is responsible for reimbursing operators for any journey that is made by a passholder from another local authority if their journey starts in Norfolk. This has a direct and higher than average financial impact on Norfolk's spend due to the high number of elderly visitors, particularly along the north coast.
- 2.4. 9,004,040 journeys were made in Norfolk by concessionary passholders in 2017/18. This was 4% lower than the previous year but the drop occurred primarily between December and March when the UK experienced severe winter weather with substantial snowfalls causing great travel disruption.
- 2.5. The travel value of the journeys made in 2017/18, which is the full fare cost, was £20,619,248 (against a reimbursement to operators of £11,415,538).

## **3. Financial Implications**

- 3.1. Norfolk spends £11,655,935 on the mandatory concessionary travel scheme, however we know that it does not receive the full amount from central government to cover the cost of operation.
- 3.2. When the scheme transferred to the County Council from the district councils we assessed that the funding provided was significantly less than the cost of the scheme – the Norfolk districts spent £11m on delivering the scheme in 2010/11 but the Settlement received by NCC from DCLG for 2011/12 was £7.227m, giving a shortfall of at least £3.773m.
- 3.3. Funding for concessionary travel was rolled into Formula Grant back in 2011-12 and is paid through Revenue Support Grant. This means that there is now no visibility of the specific allocation within the Settlement. In addition, any allocation for concessionary fares will have been reduced in line with overall reductions in grant funding.
- 3.4. Since 2011 NCC has negotiated a fixed reimbursement pot with operators, which caps the amount of money that they will be reimbursed each year. Each operator is reimbursed a percentage of this pot according to the number of journeys that are made by passholders on their services.

## **4. Issues, risks and innovation**

### **4.1. Issues and risks**

Local bus operators do not receive the full fare for each journey made by a concessionary passholder. This is offset by the fact that more people are travelling because travel is free (known as the generation factor). But there is a risk that too many free travellers would mean that operators have to increase capacity or frequency of service to cope with demand and they can then claim from NCC extra funding (known as an Additional Capacity Claim).

#### 4.2. **Equality Impact Assessment (EqIA)**

No changes to the scheme are proposed therefore is no need for an Equality Impact Assessment, however it should be noted that the scheme is intended to benefit older and disabled people's access to facilities and services.

#### 4.3. **Health and Safety Implications**

There are no health and safety implications of which to take account.

#### 4.4. **Environmental Implications**

There are no direct environmental implications to take into account as part of this report.

#### 4.5. **Legal Implications**

We have a statutory duty under the Concessionary Travel Act 2007 (as amended) to provide free travel for people eligible by age or disability to a statutory minimum level.

#### 4.6. **Section 17 – Crime and Disorder Act**

There are no implications to take into account.

### 5. **Background**

5.1. The shortfall in concessionary fares funding has been apparent since NCC took over the scheme in 2011. At this time representations were made to the then Under Secretary of State for Transport, Norman Baker MP, by the Cabinet Member for Travel and Transport in relation to the estimated shortfall in funding. There was also a request for an urgent, combined review of Norfolk's funding by DCLG and the Travel Concessions Unit at DfT.

5.2. In addition Norfolk carried out a comprehensive Fair Fares campaign supported by all local bus operators and other rural local authorities such as Cumbria, Devon and North Yorkshire, inviting people to sign a petition to support a fairer settlement from government to cover the full and true costs of the concessionary travel scheme. This petition was delivered to 10 Downing Street in February 2012 with 23,500 signatures.

5.3. Despite these campaigns and representations, no further funds were received and the concessionary travel scheme and operator reimbursement calculations remained the same.

### **Officer Contact**

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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