

Subject: Concessionary Fares Scheme
from April 2008 - Lancashire
wide negotiations

Status: For Publication

Report to: The Cabinet

Date: 12th December 2007

Report of: Head of Finance

Portfolio

Holder: A Well Managed Council

Key Decision:

NO Ultimately a matter for Council

Forward Plan General Exception Special Urgency "X" In
Relevant Box

1. PURPOSE OF REPORT

- 1.1 To seek the Cabinet's approval to a negotiating stance in county wide discussions which will take place in relation to changes to the concessionary fares scheme prior to a final decision being made at the budget meeting of Council in February 2008.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *A Well Managed Council* – through seeking to manage the financial risks to which the Council is exposed by a demand led budget.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Financial Risks through reduced ability to control the costs of concessionary fares to Rossendale taxpayers.

4. BACKGROUND AND OPTIONS

- 4.1 Members will be aware of the success of the changes to the national concessionary fares scheme introduced in April 2006, and the financial risks which this has placed upon district councils. Members will also be aware of the further changes to the national scheme due to be implemented from April 2008 and for which specific grant funding (of c £02.m) has been provided in the Local Government Finance Settlement.
- 4.2 Local Authority Chief Finance Officers from the 15 councils in Lancashire have been discussing the likely impact of the April 2008 changes for some time and earlier this week the issues were discussed at a meeting of the 15 council leaders. There are a number of issues on which it is important that a consensus of the 15 councils is arrived at and a special meeting of Leaders is to be called in January where it is hoped to achieve that consensus, which will be ratified by each council as part of setting its budget.
- 4.3 Currently the scheme in Lancashire is administered by Lancashire County Council on behalf of the 14 Travel Concession Authorities in Lancashire. While there are 14 schemes they are very similar and there is some benefit in having a single point of contact with the bus companies. The County Council have not received any reimbursement for the additional administration they have undertaken in relation to the scheme since the introduction of the revised scheme in April 2006, following which there have been some administrative problems which have by and large not affected Rossendale. The view of the County Council's Cabinet as set out at the Leaders' Meeting earlier this week is now that they will only continue to administer the scheme from April 2008 if there is a single scheme for the whole of Lancashire with all costs being pooled. This can only happen if all 14 Travel Concession Authorities agree to it.
- 4.4 This is a very significant change in stance and one which poses a range of financial and other risks for the Council. While the Government has taken powers to pay the concessionary fares grant on a pooled basis it is not clear that Travel Concession Authorities actually have the power to pool their costs in this way. A counsel's opinion on this issue is being sought and should be available before the meeting of Leaders which is being convened in January to discuss concessionary fares issues.
- 4.5 From a purely Rossendale point of view it is not clear whether there would be any benefit from pooling, and no definitive answer can be given until some sort of modeling of how the pool would operate has been completed. However, the current view of officers based on the information available is that the result is likely to be somewhere between the contribution equaling the Rossendale cost and Rossendale's contribution offsetting increased costs in other districts. The County Council's view is that in terms of the specific grant for the April 2008 changes there is £0.5m more in the Lancashire pot than the estimated cost. However, estimates of cost in this area have in the past proved to be highly inaccurate, the estimate provided for the cost of the April 2006 changes in Rossendale was out by 47%. As indicated above it is also not clear that it is legally possible for Rossendale to make

contributions to a pool which would meet the costs over and above contributions resulting from residents of other districts.

4.6 Previously the collective view of District Councils in Lancashire has been against pooling. It is not clear whether or not this will continue to be the case and discussions will need to take place with other districts to discern their views. However, if the decision is not to pool it would still make sense to have some form of common administration for the scheme. This could be achieved through the following routes:

- Designating a lead authority amongst the 14 Travel Concession Authorities
- Asking Cumbria County Council who also participate in the NowCard scheme and provide this service for their districts to act as administrator.
- Asking one of the neighbouring Passenger Transport Authorities (Greater Manchester or Merseyside) to administer the scheme.
- Using a private sector partner, although this might be difficult to achieve in time and the service required is currently not well defined.

4.7 At this stage the proposal for pooling is not well enough defined for officers to make a judgement on how to advise members. Given that we will be faced with the need to express a view on behalf of the Council at a Leaders' Meeting in January probably before the next meeting of the Cabinet a delegation to the Chief Executive in consultation with the Leader of the Council, Portfolio Holder and Leader of the main opposition group is recommended.

4.8 In addition to any decision in relation to pooling consultation with bus companies has begun on a number of possible changes to discretionary elements in the scheme aimed at minimising financial risk. This does not commit the 14 councils at this stage it simply allows the decision to be taken to make the changes at the beginning of the financial year. These issues are:

- *Availability of Travel Before 9.30am* – This costs £530k across Lancashire and £27k in Rossendale. The intention of the concessionary fares scheme is to facilitate leisure, recreational and amenity use of buses by older people. Buses prior to 9.30am are largely taken up with either school or employment traffic. The current consensus amongst the 14 councils would be that this discretionary element is removed and that the national condition of concessions for travel after 9.30am apply.
- *Community Transport* – Providing concessions on services such as the County Rider costs £673k across Lancashire and £12k in Rossendale. In rural and semi rural areas where a truly commercial bus network is difficult to sustain services of this sort provide a vital lifeline for many people. The consensus amongst the 14 councils is that concessionary fares should still apply to these services.
- *The Blackpool Tramway and the Knott End Ferry* – Allowing concessions on these services costs £270k across Lancashire and £2k in Rossendale. Currently there is no consensus among the 14 councils in relation to these services. The differing views are that the scheme is meant to apply to buses only, while the alternative view is that these services exist in their given

localities instead of buses. An option discussed by Leaders but not agreed is that concessions on these services could be provided only for Lancashire residents as a form of “Lancashire bonus” within the scheme.

- *Other Minor Concessions* – The current Rossendale concession of free travel for the over 90’s costing £1k will be replaced by the new scheme and is therefore abolished by default.

4.9 It is suggested that members would wish to support the consensus position in relation to pre 9.30am travel and community transport at the Leaders’ Meeting in January subject to amendments to the scheme being ratified as part of the budget resolution at Council in February. In relation to the Tramway and the Knott End Ferry members’ views are requested.

4.10 There are clearly a range of significant financial issues associated with the concessionary fares scheme which will develop rapidly over the next 8 – 10 weeks. Officers would intend to keep the Cabinet and Group Leaders aware of the issues as they develop through e mail briefings.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 As has been indicated previously to members the area of concessionary fares presents significant risks for the Council. It is not clear, as yet, whether the proposals of the County Council in relation to pooling will either reduce or increase this risk.

5.2 Supporting the consensus position in relation to the current extra statutory concessions will bring the additional resources available for the April 2008 changes within £10k of the cost estimate provided by the County Council.

5.3 The main financial issues are highlighted within the body of the report.

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF REGULATORY SERVICES

6.1 As indicated in the body of the report a counsel’s opinion is being sought to ensure that the Council would be acting legally if it did decide to participate in any pooling arrangement.

7. COMMENTS OF THE HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT

7.1 There are no human resources implications.

8. CONCLUSION

8.1 The Council is faced with a series of difficult choices where we are not wholly masters of our own destiny, as it is important to maintain as broad a consensus as possible over the concessionary fares framework across Lancashire.

8.2 The Leader will in January need to be able to express a formal view on behalf of the Council, albeit subject to confirmation as part of the budget and this

report allows the Cabinet to endorse a position, which retains some negotiating flexibility.

9. RECOMMENDATIONS

9.1 The Cabinet are recommended to:

- a) Authorise the Chief Executive in consultation with the Leader of the Council, Portfolio Holder for a Well Managed Council and Leader of the Labour Group (as the formal Opposition) to determine whether or not to participate in a pooling arrangement for concessionary fares based on the best financial interests of the Council.
- b) Authorise the Chief Executive to support the consensus position on the April 2008 concessionary fares scheme supporting the removal of pre 9.30am travel and the inclusion of community transport services, subject to a formal decision as part of the budget, to be determined by Council.
- c) Determine the position they would like to take on the inclusion of the Blackpool Tramway and Knott End Ferry in the scheme.

10. CONSULTATION CARRIED OUT

10.1 Chief Executive, Portfolio Holder.

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No background papers