

**FINAL DETAILS ON ENGLISH NATIONAL CONCESSIONARY TRAVEL SCHEME (ENCTS) FOR CAMBRIDGESHIRE**

**To:** Cabinet

**Date:** 22<sup>nd</sup> February 2011

**From:** Acting Executive Director: Environment Services

**Electoral division(s):** All

**Forward Plan ref:** 2011/16 *Key decision: Yes*

**Purpose:**

- a) To update Cabinet on the anticipated costs associated with the revised arrangements for the English National Concessionary Travel Scheme (ENCTS) to be enacted by the County Council on 1 April.
- b) To seek Cabinet approval for the recommendations in this paper

**Recommendation:**

- a) Approve the approach being taken with bus operators to minimise reimbursement costs using the Department of Transport (DfT) calculator.
- b) Approve providing a 50% discretionary concession on community transport Dial-a-Ride services and to provide an equitable level of concession across the county at a cost not to exceed £65K.
- c) Retain the continuation of the pre-0930 discretionary concession for those registered as blind or partially sighted and on bus services in isolated areas at a cost of approximately £15K.

<b><i>Officer contact:</i></b>		<b><i>Member contact</i></b>	
Name:	Glenn Edge	Name:	Councillor Mac McGuire
Post:	Head of Passenger Transport	Portfolio:	Cabinet Member for Highways and Access
Email:	<a href="mailto:Glenn.edge@cambridgeshire.gov.uk">Glenn.edge@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Mac.mcguire@cambridgeshire.gov.uk">Mac.mcguire@cambridgeshire.gov.uk</a>
Tel:	01223 715585	Tel:	01223 699173

## **1 BACKGROUND**

- 1.1 The County Council is required to take responsibility for the ENCTS, which is currently administered by the District Councils, as of 1 April 2011. By 3 March the Council must have negotiated and set a reimbursement rate with each of the 19 operators in Cambridgeshire. The Council must also have defined the scope of the ENCTS scheme (i.e. whether the County Council will continue current discretionary benefits outside the statutory minimum required) and have published and arranged the application process, data handling, card production contracts and obtained Cabinet approval for the major elements above.
- 1.2 Agreeing an ENCTS for Cambridgeshire will be an annual process. The scheme discussed below is specifically for the 2011/12 financial year, and the opportunity to vary the scheme to reflect a changing environment exists on an annual basis.
- 1.3 The amount included in the Government grant to cover the ENCTS is  $\approx$  £3.995m whereas  $\approx$  £5.7m is estimated to be the actual cost of the scheme if it were to be based on last year's scope, figures and reimbursement rate. Of the costs associated with ENCTS in Cambridgeshire the most significant element by far is the statutory reimbursement cost which represents about 95% of the total. As a universal scheme, ENCTS provides valuable benefits to eligible residents, but the Council is unable to target resources at those in greatest need.

## **2 STATUTORY REIMBURSEMENT TO OPERATORS**

- 2.1 The approach adopted to calculate the rate of reimbursement for each bus operator is in keeping with the recently published DfT guidance and Calculator Tool. The guidance provides some scope for bus operators to supply evidenced local data to increase the rate but the revised rates are still seen by operators as insufficient to be in keeping with the 'no better, no worse off' principle of the concessionary legislation.
- 2.2 As expected the use of the DfT calculator has produced reimbursement rates in the order of 50% as opposed to the current rate of 66%. Therefore, the cost of reimbursing the operators for the statutory scheme has been estimated at £4.5m. This results in a reduction in reimbursement to operators over the current system to on average 20% (although for some operators the reimbursement will drop by as much as 60%). Having given due consideration to the "no better, no worse off" principle and the likely risk of challenge should a reimbursement rate below that of the DfT calculator tool be set, no further work has been undertaken to model reimbursement rates lower than 50%.
- 2.3 Operators have been asked to provide an indication of the effect of the proposed reimbursement rates on the county's bus network. Some operators have indicated that although there may be no immediate impact on services, the commercial viability of some services could be undermined, whilst some operators have indicated that they will review fares as a result of the proposed reimbursement rates. The larger companies may need to make more significant changes to their networks, which are likely to be implemented soon after 1 April. Officers will continue to work with the operators to seek to minimise the impacts and to explore alternative models for

provision of services as part of the public transport review.

### 3 DISCRETIONARY REIMBURSEMENT

3.1 There are three additional discretionary elements to the current ENCTS scheme in Cambridgeshire which, if continued post April, will cost approximately £150K per year (approximately 3% of the budget).

#### 3.2 Concessions on Certain Community Transport Services

3.2.1 In some areas of the county, Community Transport schemes are fully reimbursed to provide free travel on their Dial-a-Ride services. This is dependent on the decision of District/City Councils where the scheme is based, see Table 1. To provide a consistent full concession across all county schemes would cost approximately £130K<sup>1</sup>.

Table 1

Authority	Concession to passenger	Reimbursement to provider
Cambridge City	£2.60 reduction in fare	Remainder of fare
East Cambs.	Half fare travel	Remainder of fare
Fenland	Free Travel	100% of fare
Huntingdonshire	Free Travel	100% of fare
South Cambs.	No concession	n/a

3.2.2 Dial-a-Ride services often operate where there is no alternative public transport available, enabling passengers to maintain a level of independence in accessing socially necessary services. Due to the nature of the service, Dial-a-Ride fares can be considerably higher than a comparable bus fare; the cost can restrict their use by those in the greatest need. The County Council has invested considerably in the County's Community Transport schemes, additional funding has been invested into their development and there is growing reliance on these schemes to minimise the impact of reducing the network of subsidised services by increasing the routes they operate. If a discretionary concession is to be applied to Community Transport schemes it should be provided across the whole of the County equitably for the sake of fairness.

3.2.3 Given current financial pressures, it is recommended that a 50% or half fare discretionary concession should be provided on Community Transport Dial-a-Ride services. This option offers a reduced outlay for the Council whilst providing a significant level of assistance to those using Community Transport schemes. A half fare concession will result in many who are currently able to travel for free on Dial-a-Rides worse off but would provide a more equitable concession across the county. Under Wellbeing powers, the district councils could chose to top up this concession to provide a full concession to their residents. It is difficult to estimate the exact cost of this option but the County Council would not exceed a total reimbursement of £65K.

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<sup>1</sup> Providing passenger take-up remains in line with current levels and a reimbursement rate is applied

### 3.3 **Free pre-0930 travel for those registered as blind or partially sighted**

- 3.3.1 Free travel for those registered as blind or partially sighted has been funded for a number of years by the County Council and pre-dates the ENCTS, since the introduction of the national scheme the County Council has funded pre 0930 travel for this group. It is difficult to cost this discretion precisely but as it only applies to a relatively small group of concessionaires it is expected that its removal would only deliver savings in the order of 15K per year. The most likely segment affected by any removal of this option would be workers who qualify for the scheme due to their disability.
- 3.3.2 It is recommended that the pre-0930 discretionary concession for those registered as blind or partially sighted, and on bus services in isolated areas, should be retained.

### 3.4 **Free pre-0930 travel for very limited services**

- 3.4.1 The current scheme permits concessionary pass holders living in certain villages to use their pass prior to 0930 where there is no other bus service during the day. The exact cost of this discretionary benefit cannot be determined as the bus operators have not recorded these journeys separately from the statutory scheme. Due to the number of services and passengers benefiting from this discretion the costs are expected to be negligible.
- 3.4.2 It is recommended that the pre-0930 discretionary concession on bus services in areas with very limited services should be retained.

## 4 **ADMINISTRATION**

- 4.1 **Application Process** – following an appraisal of options the Contact Centre will be used to handle the applications process at a cost of approximately £55K per year. From April applicants will be able to phone the Contact Centre to commence the process which will then be completed by post. As soon as it is possible, a full on-line application process will be developed and implemented. It is not intended to provide a face to face application process.
- 4.2 **Data Handling** - All data requirements can be met and will be handled by the Contact Centre's Customer Record Management (CRM) system. However, there is some development work to be completed which is anticipated to cost approximately £10K
- 4.3 **Card Production** - A contract will be let for the production and distribution of concessionary passes, based on three quotes, for one year. The ENCTS cards must meet a prescribed specification set by DfT and a contract of this nature is expected to cost £20K. During the first year a full tender process will be undertaken for the production of cards to cater for all of the Council's needs, this may reduce the cost of card production for ENCTS in the future.
- 4.4 **Communications** – a small budget of £5K has been set aside to notify residents of

the changes to the application process. This budget may need to be increased should the Scheme undergo more significant change.

## 5 SUMMARY OF COSTS

Table 2

Statutory Reimbursement £4.5m	All services*	£4,500k
Discretionary Reimbursement £80k	Community Transport - 50%	£65k
	Blind & partially sighted	£15k
	Pre 0930 in isolated areas	£0k
	Contact centre (application)	£55k
Administration £68k	Data handling	£10k
	Pass production	£20k
	Communications	£5k
	Total Estimated Cost	£4,670k

5.1 The total cost derived in Table 2<sup>2</sup> of £4670k is within the IP allocation of £4700k.

## 6 SCOPE FOR REDUCING THE COST OF THE SCHEME IN THE FUTURE

### 6.1 Eligibility of Park & Ride Services

6.1.1 The cost of concessions on Cambridge Park and Ride is estimated to be about £690k. Concessionary legislation allows for the exemption of certain services with an amenity value from the ENCTS. In the case of the Park and Ride the amenity value would be the cost of parking over the cost of using the bus service. Legal opinion suggests that the services are currently eligible for the statutory scheme because the Council does not set the Park & Ride bus fare, coupled with the Park & Ride's lower fare compared to alternative local bus services.

6.1.2 However a review of the Park and Ride service is being undertaken, which will consider the wide range of options available for delivering Park and Ride services. As part of the review work, the potential financial implications of changing the payment structure will be considered. Suggested business models may separate out an amenity value which could result in the service no longer being eligible for the statutory scheme.

<sup>2</sup> This is an estimate and operator negotiations are continuing.

6.1.3 It is recommended that the Park and Ride service should remain eligible under the ENCTS for this year to avoid jeopardising any future business models emanating from the Park and Ride review. However, this aspect will be included within the scope of the Park & Ride options review and steps taken to reduce the level of ENCTS reimbursement on this service or remove it altogether.

## 7 SIGNIFICANT IMPLICATIONS

- 7.1 **Resources and Performance.** The cost of the scheme to the Council will exceed the funding specifically allocated for this purpose by central government. Reductions in costs are set out in this report, however, further work will continue to explore ways of further reducing costs.
- 7.2 **Statutory Requirements and Partnership Working.** This is a new statutory duty for the County Council under the terms of the Government’s ENCTS.
- 7.3 **Climate Change.** There are no significant implications unless the discretionary elements are withdrawn which could then increase car usage and greenhouse gas emissions.
- 7.4 **Access and Inclusion.** The adoption of the proposed reimbursement rate is likely to affect the network of bus services. There are no other significant implications unless the discretionary elements are withdrawn or reduced and then rural isolation would be increased. As Community Transport schemes are voluntary organisations Cambridgeshire Compact will have to be considered.
- 7.5 **Engagement and Consultation.** A Community Impact Assessment and a targeted consultation will need to be completed. This exercise will only be directed at Dial-a-Ride members in those areas that currently have a full concession on their Community Transport schemes but under the recommendations made in this report will have the concession reduced by 50%.

Source Documents	Location
<i>None</i>	