

NORTH LINCOLNSHIRE COUNCIL

**HIGHWAYS AND PLANNING
CABINET MEMBER**

**PUBLIC TRANSPORT:
CONCESSIONARY FARE SCHEME STATEMENT FROM 1 APRIL 2010**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve the Council's Concessionary Fare Scheme statement from 1 April 2010.
- 1.2 The statement sets out the terms and conditions of the Council's concessionary fare scheme, including benefits to passholders and reimbursement to bus operators.
- 1.3 We do not propose to change benefits to passholders.
- 1.4 The Council's consultants recommend a small reduction in the level of reimbursement. The total cost in 2010/11 is difficult to predict but is expected to be about £1.722m.

2. BACKGROUND INFORMATION

- 2.1 By law, the Council must provide free travel on local buses for people who are 60 and over and people with disabilities. There are over 30,900 North Lincolnshire travel passes in circulation.
- 2.2 The Council provides concessions for North Lincolnshire passholders which are better than the national minimum. Appendix 1 sets out these extra benefits. There is no proposal to change these.
- 2.3 The Council must reimburse bus operators for the money they lose by carrying passholders at no fare. They should be no better off and no worse off because of the existence of the scheme. In practice, however, this balance is very difficult to establish.
- 2.2 We do not pay operators in full for every journey. This is because free travel has generated many trips which passholders would not make if they had to pay the fare. We currently calculate payments as...

Number of passholder journeys x Average adult fare x 71%

where 71% is the "reimbursement factor" which reduces payments because of these generated journeys. As the number of generated

passengers rises over time, we need to review the factor to maintain the “no better off/no worse off” balance.

2.3 The Council’s reimbursement terms have not changed since 1 April 2008. It is time to review the rate paid and we engaged the TAS Partnership to advise us.

2.4 Payments to rail operators are for half fare travel. Different arrangements apply and are not considered in this report but the cost of rail travel is included in the budget totals.

3. OPTIONS AND ANALYSIS

3.1 There is no one approved method of calculating the right reimbursement factor and the appropriate value varies between authorities. The Department for Transport has produced a spreadsheet-based Reimbursement Analysis Tool (RAT) to work this out but the value of the tool is disputed. It is very sensitive to data inputs and requires information which we do not have. Because of this, we have not used the RAT.

3.2 It is clearly important that the Council uses a reimbursement factor which does not over-compensate operators for carrying passholders. At the same time, however, paying an unreasonably low rate is likely to have two outcomes...

- Operators may lodge an appeal against the terms of the scheme and
- Operators may withdraw services which they think will be unprofitable in the light of the reimbursement arrangements.

3.3 TAS’s brief was “to provide evidence-based, balanced and robust” advice on the appropriate rate of reimbursement. Their study was done with the co-operation of Stagecoach and Hornsbys, the two major bus operators in North Lincolnshire. They allowed TAS access to passenger data as part of the study.

3.4 TAS’s recommended reimbursement rate is from 1 April 2010 is...

Passholder journeys x Average fare x 64.29% plus 7.45p per generated journey.

3.5 The 7.45p flat rate covers any extra costs incurred by bus operators in carrying extra passengers. It is payable only for generated journeys – those made because travel is free.

3.6 This is equivalent to an average reimbursement rate of 66%.

3.7 This is less than the current 71% but still at the high end of the rates used by English councils. This is because the number of extra journeys generated in North Lincolnshire is lower than in many other places.

(The highest rates of generation are in seaside resorts and major cities).

- 3.8 We recommend the use of a reimbursement factor 66%, based on the study done by TAS. Use of an average rate rather than the two part calculation shown in paragraph 3.4 will simplify calculation for the Council and for operators. The draft scheme statement is attached as Appendix 2.
- 3.9 The next steps are to publish the new statement and await comments from operators. We may be able to resolve any objections by negotiation. If not, operators may press their claim to an appeal.
- 3.10 We must stress that the small reduction in the reimbursement rate *will not mean any change to the free bus travel enjoyed by passholders.*

4. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

4.1 Finance:

4.1.1 The estimated cost of the concessionary fare scheme in 2009/10 is £1.7m.

4.1.2 We cannot predict the level of concessionary fare expenditure next year accurately because we do not control fares and the number of passholder journeys is unknown. The number of people in North Lincolnshire aged 60 and over will continue to increase and this is one element of growth.

4.1.3 The best estimate of reimbursement cost in 2010/11 is £1.722m. This figure assumes...

- The reimbursement factor 66%, based on TAS's recommendations.
- The number of passholder journeys continues to grow slowly and
- An allowance is made for increases in the average adult fare.

This total includes an allowance for rail concessions.

4.1.4 £1.722m is available in the current base budget for 2010/11.

4.1.5 There are no staffing, property or IT implications.

5. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

5.1 Statutory

5.1.1 The council must provide free bus travel for entitled people and reimburse operators, as stated in paragraphs 2.1 and 2.3. We must publish a scheme statement by 1 December because we must give a minimum of four months notice of any change.

5.2 Environmental

5.2.1 Free fares encourage the use of buses rather than the private car. We expect that passholder journeys will continue to increase in 2010/11. The number of people applying for passes for the first time shows that some journeys previously made by car are now made on the bus.

5.3 Diversity

5.3.1 Free fares help people older and disabled people on limited incomes to gain access to employment, shops, medical facilities and other services and activities.

5.4 Risk

5.4.1 There remains a risk that operators will consider that the reduced reimbursement rate is inadequate and cut services. The Council might find itself with a smaller bill for concessions but a larger bill for subsidised services if this happens. We will know whether this is likely by the end of the consultation period.

5.4.2 Nationally, major bus operators have requested a judicial review of the basis of concessionary fare reimbursement, including the "no better off/no worse off" principle. The progress of this review is unknown. If they are successful, the Government will need to review the whole basis of reimbursement calculation and funding throughout the country.

6. **OUTCOMES OF CONSULTATION**

6.1 We have not consulted bus operators so far. They have the opportunity to give their views during the four month period before the scheme takes effect on 1 April 2010.

7. **RECOMMENDATIONS**

7.1 That the draft Concessionary Fare Scheme Statement for 2010/11 be approved.

SERVICE DIRECTOR HIGHWAYS AND PLANNING

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Background Papers used in the preparation of this report:

Report prepared by The TAS Partnership Ltd for North Lincolnshire Council. NB that this contains confidential financial information from bus operators and is not for publication.

North Lincolnshire Concessionary Fare Scheme
Legal Minimum from 1 April 2008
and North Lincolnshire Council Conditions

	Legal Minimum from 1 April 2008	North Lincolnshire Scheme from 1 April 2008
Concession	Free travel for people aged 60 & over and those with disabilities.	Free travel for people aged 60 & over and those with disabilities. Free travel also for companions to disabled people who cannot travel on their own.*
Area	Within England.	Within England. Companions within North Lincolnshire and as far as Grimsby, Lincoln, Doncaster, Goole & Hull only. *
Time	From 09:30 until 23:00 Monday to Friday and all day at weekends & bank holidays.	Every day without time restriction. (North Lincolnshire passholders only).
Mode of Travel	Local buses only.	Concession as shown above on buses. On local trains: Half fare return tickets (one third off singles) for passholders within North Lincolnshire and as far as Cleethorpes and Doncaster and also as far as Market Rasen, Gainsborough and Lincoln (via Barnetby only). Passholders who are blind, deaf, limbless, severe learning disabled and unable to walk travel free on trains within these limits. One end of the rail journey must be within North Lincolnshire

* The Concessionary Bus Travel Act 2008 does not provide passes for companions. We can still offer free travel for companions within North Lincolnshire and for journeys from North Lincolnshire. We have agreed with neighbouring authorities that companions may travel back free from Grimsby, Hull, Goole and Doncaster. Unfortunately, we cannot provide free travel for companions back from Lincoln or Gainsborough because the Lincolnshire scheme does not provide any concession for companions.



Draft

**Travel Concession Scheme
for Elderly and Disabled People
From 1 April 2010**

Version 5.3

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North Lincolnshire Council Travel Concession Scheme

Scheme Statement from 1 April 2010

1. Introduction and Amendments

- 1.1 This document sets out the details of North Lincolnshire Council's Travel Concession Scheme as required by the Transport Act 1985, Section 149 of the Transport Act 2000 and the Concessionary Bus Travel Act 2007.
- 1.2 It replaces the scheme statement which came into operation on 1 April 2009. This statement covers the provision of free fare English National Travel Concessionary Travel Scheme (ENCTS) as required by the Concessionary Bus Travel Act 2007.
- 1.3 This scheme statement (Version 5.3) will take effect from Thursday 1 April 2010. It will be reviewed during 2010.

2. Travel Concessions for Elderly and Disabled People

Where and When the Scheme Applies

- 2.1 The scheme covers the whole of the Unitary Authority of North Lincolnshire.
- 2.2 For holders of passes issued by North Lincolnshire Council the scheme has no time restriction and applies at any time and on any day for journeys beginning within the boundary of North Lincolnshire.
- 2.3 For holders of ENCTS passes issued by other authorities who may board buses in North Lincolnshire, the scheme applies from 09:30 Monday to Friday and all day on Saturday, Sunday and bank holidays.

Bus Services on which the Scheme Applies

- 2.4 The concession is available on all local services running wholly or partly within North Lincolnshire.
- 2.5 "Local Bus Service" has the meaning defined by Section 2 of the Transport Act 1985.
- 2.6 Dial a Ride Services: The concession is available on dial a ride and other services provided under Section 19 of the Transport Act 1985 running wholly or partly within North Lincolnshire to meet the needs of members of the public who are elderly or have disabilities.
- 2.7 **Rail:** The concession is available for any passenger journey made between any two stations in North Lincolnshire and between any North Lincolnshire station and: Habrough, Healing, Stallingborough, Great Coates, Grimsby Town, Grimsby Docks, New Clee, Cleethorpes, Thorne South, Stainforth and Hatfield, Kirk Sandall and Doncaster.
- 2.8 The rail concession is available via Barnetby only for any passenger journey made between North Lincolnshire stations and Gainsborough Central, Lincoln and Market Rasen.
- 2.9 The concession is not available on long distance coach or bus routes which are not registered as local services or on rail or bus excursions, tours, private

hire vehicles, special services and any others which are not open to the general public.

General Requirements

- 2.10 The pass is not transferable and may only be used by the person to whom it was issued.
- 2.11 The concession is only available to people who normally live within North Lincolnshire. They will be:
- Eligible for inclusion on the North Lincolnshire electoral roll or,
 - In the case of a disabled person aged under 18, have parents eligible for inclusion on the North Lincolnshire electoral roll or
 - Be known to the Council's Social Services as resident within North Lincolnshire.
- 2.12 Possession of a travel concession pass does not guarantee any person the right to a place on any particular train or passenger service vehicle, nor the right to a seat on such a vehicle.
- 2.13 All people travelling at concessionary rates are subject to the conditions of carriage of the public transport operators. They will be asked to show proof of eligibility on boarding any bus or train and may also be asked to show proof of eligibility at any time on any journey. The Council accepts no liability for any loss, injury or inconvenience incurred as a result of using a travel concession pass.
- 2.14 Passes are normally valid for five years. There is no charge for the issue or replacement of passes.
- 2.15 The Council reserves the right to withdraw, amend or replace any pass.

Concessionary Passes: Eligible People

- 2.16 The categories of people eligible to receive a pass are:

Concession Group A

- Men and women aged sixty and over:
- War Pensioners:
- People registered with North Lincolnshire Council Adult Services as being physically disabled or learning disabled or partially sighted and who possess a valid registration card issued by that Directorate or, in the case of a child aged under 18, registration by NCH Kaleidoscope:
- People who are deaf:
- People without speech:
- People who are medically unfit to drive (excluding those who are unfit to drive on the grounds of persistent misuse of alcohol or drugs):

Concession Group B

- Blind,
- Profoundly or severely deaf
- Limbless
- Severe Learning Disabled (defined as "People with a permanent organic learning

disability which prevents them living in the community without significant help and support") and

- those who have a disability or have suffered an injury which has a substantial and long term effect on their ability to walk 100 metres without stopping, without severe discomfort or without help from another person.

2.17 Applicants with disabilities must have an impairment which is permanent or likely to last at least 12 months.

2.18 The Council will also provide concessionary travel for companions of people who are unable to travel on public transport by themselves. This will be indicated by a "+C" symbol on the disabled person's pass, not by the issue of a separate pass to the companion.

2.19 Concessionary passes are not available to disabled children under five as they would normally travel free of charge on local bus and rail services.

The Concession

2.20 Bus

2.21 The holder of a valid North Lincolnshire travel pass will be allowed to travel free on local bus services throughout England. On journeys starting outside North Lincolnshire, eligibility for free travel may be restricted to between 09:30 – 23:00 only, except on Saturday, Sunday and bank holidays.

2.22 Rail

Concession Group A

A holder of a valid North Lincolnshire pass in Group A and companions to people with disabilities will be allowed a reduction of:

- 50% of the normal cost of a standard class return ticket: and
- 34% of the normal cost of a standard class single ticket.

Concession Group B

A holder of a valid North Lincolnshire pass in Group B will be allowed to travel free in standard class accommodation on local rail services within the area defined in paragraphs 2.7 and 2.8 above.

Pass Issue

2.23 In order to obtain the travel concession eligible people must first obtain an identification pass. Applications for these passes can be made to North Lincolnshire Council.

2.24 Applicants will be asked for proof that they are eligible, as specified by the Council. A photograph taken and a pass will be issued by the Council or its contractor. It will be sent to the applicant by post.

2.25 Applicants who require a companion to accompany them must provide written confirmation as specified by the Council that he or she can only travel on public transport with a companion.

3 Participation of Public Transport Operators in the Scheme and Reimbursement of Revenue Forgone

General Conditions

- 3.1 Section 145 (1) of the Transport Act 2000 and Section 1 of the Concessionary Bus Travel Act 2007 require operators to provide concessionary travel for people in possession of an English National Travel Concession Scheme (ENTCS) pass.
- 3.2 All operators participating in the scheme shall recognise and accept a valid ENTCS pass as reasonable proof of the holder's entitlement to concessionary travel within the defined boundaries of the scheme.
- 3.3 Before allowing travel at concessionary rates, the driver, conductor, inspector or ticket office clerk shall exercise reasonable care that the pass shown is being used by the person whose photograph it bears and the pass is not beyond its expiry date.
- 3.4 Operators will be allowed to join the scheme or add services to the scheme at any time provided that they give the Council's Public Transport Team at least 28 days notice in writing of their intention to do so.

Principles of Reimbursement

- 3.5 Operators will be financially no better and no worse off as a result of participating in the scheme.
- 3.6 Operators are required to provide accurate and timely records of the number of passholders boarding their services in North Lincolnshire.
- 3.7 All operators will inform the Council of any changes in services or fares on any services on which concessions are available. This information shall be given not later than seven days before any change is made.
- 3.8 If an operator charges premium fares on any service on which the concession is available the Council will limit its reimbursement to the level of fares prevailing on commercial services in the area.
- 3.9 Normal reimbursement arrangements may be amended by specific terms or requirements set out in local bus service contracts issued by the Council.

Calculation of Reimbursement

- 3.10 The Council will reimburse local bus operators for
 - Journeys made by North Lincolnshire passholders starting within North Lincolnshire at any time on any day and
 - Journeys made by holders of ENTCS passes issued in other areas starting within North Lincolnshire after 09:30, Monday to Friday and all day on Saturday, Sunday and bank holidays.
- 3.11 The Council will also reimburse operators of local bus services for free travel by companions of disabled people who hold ENCTS travel passes issued by
 - Hull City Council,
 - The East Riding of Yorkshire Council,
 - South Yorkshire PTE and
 - North East Lincolnshire Council

for journeys returning from North Lincolnshire to their home authority area after 09:30, Monday to Friday and without time limit on Saturday, Sunday and bank holiday.

These passholders will have a pass bearing the same "+C" symbol which is used by North Lincolnshire Council.

3.12 The Council will reimburse bus operators using the formula:

Average adult fare x Number of passholder journeys starting within North Lincolnshire x 66%

3.13 Average adult fare will be calculated as:

Value of adult single, return and day and day out tickets
Number of journeys

using the following assumptions about the number of journeys per ticket:

Adult single tickets:	1
Adult return tickets:	2
Adult day tickets (Scunthorpe) :	3
Adult "Day Out" tickets:	4

One average fare value will be calculated for each local bus service operator in North Lincolnshire.

3.14 The average fare will be calculated using journey and revenue figures for a minimum of one month. (Four weeks or one calendar month).

3.15 This reimbursement will be deemed to cover any additional operational or administrative costs arising from the operation of the scheme.

Payments

3.16 The Council recognises the importance of prompt concessionary fare payments in maintaining operators' cash flow.

3.17 Where the estimated total sum due to the operator in 2009/10 exceeds £10,000, the council will make payments in the middle of each four week period on the following dates:

17 April 2010	3 September 2010	21 January 2011
14 May 2010	1 October 2010	18 February 2011
11 June 2010	29 October 2010	18 March 2011
9 July 2010	26 November 2010	
6 August 2010	17 December 2010	

3.18 These payments will comprise:

- An on-account payment of 85% of the estimated total for the period
- A balancing payment which will be calculated as:

Average adult fare x 66% x Number of passholder journeys in previous period
minus on-account payment for previous period.

3.19 The balancing payment may be withheld if the operator fails to provide within four weeks

of the previous month end accurate records of the number of passholders boarding their services at stops within North Lincolnshire.

Confidentiality

3.20 The Council will treat any information provided by any operator in the utmost confidence.

Access for Survey

3.21 All operators will be required to allow the Council's officers to have access, free of charge, with reasonable frequency to their vehicles on which concession are available to:

- Survey, count or estimate the number of passholders carried and the fares paid: and
- Obtain any other information which the Council considers necessary to enable it to calculate or verify payments due under the concessionary fare scheme.

Access for Audit

3.22 In order that the Council may verify claims for reimbursement operators may be required to make available to officers of the Council books, vouchers, records (including computer records) and documents relating to their claims.

3.23 Operators may also be required to provide such further information and explanations relating to the above books, vouchers, records and documents as the Council thinks necessary.

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