



DERBY CITY COUNCIL

**PLANNING AND TRANSPORTATION
COMMISSION
22 SEPTEMBER 2008**

ITEM 11

Report of the Corporate Director of
Regeneration and Community

The concessionary travel scheme for elderly and disabled people

SUMMARY

- 1.1 The English National Concessionary Travel Scheme, ENCTS, for people aged over 60 and certain disabled people was introduced in April 2008. This replaced the local Derby/Derbyshire Gold Card scheme which had been in operation for a number of years. The Regeneration and Community Department are now seeking comments from stakeholders following the first 5 months of the new scheme's implementation.

RECOMMENDATION

- 2.1 To consider the briefing in Appendix 2, which sets out the changes to the concessionary travel scheme in Derby/Derbyshire over the last 25 years including the impact of the new national scheme and to make any appropriate recommendations on its future operation.

SUPPORTING INFORMATION

- 3.1 A concessionary fares scheme for elderly and disabled people has been available to the residents of Derby since 1983. Over the last 25 years, this scheme has altered considerably due to the changing needs of the users and the impact of government legislation.
- 3.2 Since April 2008, a new national scheme has been in operation, covering all of England. This has resulted in a significant change in the way concessionary travel arrangements operate in Derby/Derbyshire, the benefits people receive and the cost to the Council of providing them.

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Background papers: None
List of appendices: Appendix 1 – Implications
Appendix 2 – Review of the changes in the concessionary fares scheme

IMPLICATIONS

Financial

- 1.1 It is estimated that the 2008/09 scheme will cost approximately £15.9m Derbyshire wide; of which Derby's share is approximately £4.1m. These costs are likely to increase as a result of appeals against the scheme by bus operators.

Legal

- 2.1 The current scheme is formally laid down and operated in accordance with relevant legislation in the Transport Act 1985, the Transport Act 2000 and the Concessionary Travel Act 2007.
- 2.2 The current Derbyshire Concessionary Travel Scheme Agreement with the City, Borough and District Councils secures joint funding, with the City and District Authorities acting as the agents for the issue of passes and the County Council acting as the agent for financial reimbursement to the operators.

Personnel

- 3.1 None directly arising.

Equalities Impact

- 4.1 The scheme has the potential to significantly improve the quality of older and disabled people's lives

Corporate objectives and priorities for change

- 5.1 The proposal predominantly contributes to the Council's Objectives of:
- Creating a 21st Century city centre – by improving accessibility to the City Centre, especially for those without access to a car
 - Leading Derby towards a better environment by making bus travel more attractive, reliable and viable

Detailed review of the changes in and development of the Concessionary Fares travel schemes

A) 1983 to 2000: The original voluntary concessionary fares scheme

A voluntary concessionary fares scheme for elderly and disabled people has been available to residents of Derby since 1983. The scheme was a partnership jointly funded by Derby City Council, Derbyshire County Council and the various Borough and District councils in Derbyshire.

The scheme was reviewed as a result of the Transport Act 2000. This made the provision of half fare off peak concessionary bus travel for elderly and certain disabled people a statutory duty for unitary and district authorities within their own area. However the existing scheme already offered more than the statutory requirements so the partners agreed to stay with the existing scheme.

The scheme offered the following additions in addition to the statutory half fare provision:-

- no time limits; this enabled card holders to travel for half fare during peak periods on local bus services
- half fare bus travel across all of Derbyshire and cross boundary travel to key destination outside of the county
- half fare travel for people with additional types of disabilities not specified in the Act such as enduring mental illness
- free local bus travel for people with the most serious disabilities
- half fare travel on train services within Derby/Derbyshire and on routes to key destinations outside the County including Sheffield, Nottingham, Manchester and Burton on Trent for people over 60 and certain groups of disabled passengers
- free travel on train services within Derby/Derbyshire and on routes to key destinations outside the County including Sheffield, Nottingham, Manchester and Burton on Trent for people with the most serious disabilities
- a standard eligibility age of 60 for both men and women

B) 2004: The introduction of the Gold Card brand

In 2004 the local concessionary card in Derby/Derbyshire was re branded Gold Card. This meant that in addition to the travel benefits listed above card holders were also now entitled to receive discounts at shops and service providers throughout the area. To allow this to take place new cards were issued to all card holders. People over aged over 60 and those with less serious disabilities received half fare Gold Cards whilst those with more serious disabilities received free fare Gold Cards.

C) 2006 to 2007: Introduction of Free Local Bus Travel for all card holders

In the 2005 budget, the Chancellor announced he was making £350 million of funding available nationally to local and unitary authorities to pay for the introduction in England of “free local bus travel” from April 2006 for people aged over 60 and certain disabled people.

The basic statutory scheme required that these groups should receive free travel on local buses between 9:30am and 11pm Monday to Fridays and all day Saturday, Sunday and Bank Holidays within the area of the responsible local authority. So, in the case of Derby, the statutory minimum scheme only needed to cover local bus travel in the city itself. The existing local scheme was reviewed again and a decision was taken that the Derby/Derbyshire wide scheme would be maintained from April 2006. However those people over 60 and with less serious disabilities who had a half fare Gold Card would receive the additional benefit of free off peak bus travel after 09:30 Mondays to Fridays until the end of timetabled services and at any time on Saturdays, Sundays and Bank Holidays on any journey within Derby/Derbyshire and on cross boundary services to key destination outside of the county.

Whilst the estimated cost of the scheme countywide was £11.8m there was very little practical information either locally or nationally on the amount of additional travel this scheme would generate. As a result it was agreed that the affordability of the scheme would be reviewed after a year to determine whether any changes were required.

By March 2007, it was clear that the cost of the scheme was greater than anticipated. As a result it was agreed that from April 2007 the half fare element of the scheme before 09:30 Mondays to Fridays for people over 60 and those with less serious disabilities with half fare Gold Cards would be withdrawn. The terms of the rest of the scheme remained the same. Despite this change the costs of the scheme continued to rise with the estimated total cost for 2007/08 reaching £13.15 million.

Whilst the Council used the methodology provided by the Department for Transport, DfT, to determine the reimbursement to be paid to the bus companies for their lost fares Trent Barton and Stagecoach buses were unhappy with the amount of money they received. As a result they launched an appeal to the DfT appointed arbitrator, this sought an additional £4m to cover their costs for the year. Whilst most of their case was dismissed the arbitrator decided that they were still entitled to an additional £930,000. Consequently the total cost of the scheme for 2007/08 rose to over £14million. Several of the larger bus companies including Stagecoach are now seeking a judicial review against the results of all local concessionary fares schemes throughout England where there was a successful appeal in an attempt to gain yet more money for the cost of the travel during 2007/08. Derbyshire County Council working on behalf of the Derbyshire partnership has employed a barrister to act on the group's behalf on this matter. It is still not clear when a determination on this case will be made.

D) The New National Scheme

In 2006 the Chancellor announced that from April 2008 a new English National Concessionary Travel Scheme, (ENCTS) would be introduced. The new statutory scheme would offer free travel on local buses across all of England to people over 60 and those with certain disabilities between 9:30am and 11pm Monday to Friday and at all times on Saturday, Sundays and Bank Holidays. To help fund this scheme, the DfT made £212m available nationally to local and unitary authorities.

The DfT decided that the cost of the actual travel would be paid for by the authority where the journey took place, rather than by the authority who issued the card. So, for example, the cost of a bus journey in York made by a pass holder from Derby would be met by York City Council, rather than Derby. Because of this, the DfT stated that only those groups specified in the 2000 Act were entitled to receive a new national card. They did however allow local authorities an option to offer additional benefits over and above the statutory scheme to their own card holders within their own area.

Whilst the outline scheme was announced in 2006, it was not until mid 2007 that the DfT first began to provide local authorities with details on what they were expected to do. This included –

- “Cleansing” of data: to ensure only those people statutory entitled to a card received one
- Re-formatting data; so that it could be transferred to the card manufacturer electronically
- Transferring data to the card manufacturer so they could issue directly to the card holder new style standard national format smartcards to replace the local concessionary cards

From August 2007 council officers in Derby based in the then public transport unit undertook a major exercise to cross check the records of existing Gold Card holders to see if they were still current. As there were over 40,000 records, this was a time consuming process, made more difficult by data protection issues. As a result it took until late November 2007 for the records to be checked fully. Officers then wrote to every existing disabled card holder and asked them to apply for a new “national” card. This was because there had been eligibility changes which meant that some of the disability categories (e.g. mental illness) which had been entitled to a card under the old local scheme were not allowed to receive a new national card and other additional categories had been added. We therefore wanted to offer people an opportunity to apply under the different criteria if they were eligible. There were however some difficulties when certain people became aware that there would not receive one of the new passes as they no longer met any of the new selection criteria. Problems were also experienced in formatting the data to the style requested by the DfT which required the council to engage an external IT specialist to assist us with the process.

To help local authorities in the process the DfT set up a contract in November with a company called Fujitsu Services Ltd to produce the new national cards for the local authorities. Whilst the DfT said local authorities could use other manufacturer if they wanted they made it quite clear that they felt that only Fujitsu could provide the cards on time and to specification. A national shortage of card issuing machines meant that the other option of issuing cards ourselves directly to the card holder was not available. As a result, in December 2007 Derby and the other District and Borough councils in Derbyshire entered into an agreement with Fujitsu for them to provide the new cards. This required the authorities in the Derby/Derbyshire group to transfer over 75% of card holder records to Fujitsu before Christmas to guarantee the cards would be available by the beginning of April 2008. This was achieved, with Derby sending over 35000 records in late December 2007.

During August 2007, the DfT had consulted on how the additional funding they were making available to pay for the extra costs of the scheme should be distributed to local and

unitary authorities nationally. There were 4 possible options which gave the various councils within the Derbyshire scheme between £2.8m and £3.9m in additional funding. As a group the Derbyshire authorities responded in favour of the option that gave the group the most money. Unfortunately when the actual funding levels were announced the DfT choose the option which gave the group the least funding. This meant that as a group the authorities could only afford to implement the statutory minimum scheme and were not able to offer any additional concessions, such as free transport all day for certain groups of disabled people, as had been the case with previously with the local Gold Card scheme.

E) 2008: Introduction of the National Concessionary Travel Scheme

During January, card holder data continued to be sent to Fujitsu. At the same time, a publicity campaign was launched to make people aware of the changes to the scheme. Adverts were placed in local newspapers and posters displayed on buses, bus stops and council offices. Council officers also gave presentations on the changes to interested groups such as the council's Diversity Forum. At these meetings concerns continued to be raised about the reduction in the numbers of people entitled to a card under the new scheme, changes in the availability of the timings when services could be used for those who did receive a card and the loss of the additional concessions which had been available under the old scheme such as discounts on train services.

Working in partnership with the other councils in the Derbyshire scheme, the local Mental Health Trust, local MPs, the DfT and the rail industry officers were able to make some positive changes including: -

- expanding the groups who are entitled to receive a card on the grounds of being refused a driving licence due to a disability to include people with mental health problems
- providing half price rail fares on any journey within Derby/Derbyshire and cross boundary travel to key destination outside of the county such as Sheffield, Nottingham, Manchester and Burton on Trent
- expanding the free bus fare scheme to include "Dial a Bus" services provided by community transport operators
- incorporating a library card and the Gold Card discount scheme within the new national card

Whilst it was estimated that these additional items would cost the Derbyshire group £412,000 in 2008/09 and be an ongoing future commitment it was considered that this was just about affordable using internal sources of funding made available by the group members to the scheme. Unfortunately the cost of introducing any other additional concessions was more than the group could afford. For example the estimated cost of reintroducing free travel all day within Derby/Derbyshire for disabled card holders was £1.25m - £1.5m and the estimated cost of introducing free travel after 11pm Monday to Friday for all card holders was £300,000.

By early March 2008 all the data on card holders had been transferred to Fujitsu. Further data cleaning had also taken place to change the information already sent to take account of deaths and changes of address. There had also been a significant number of people applying for the card for the first time. Card holder numbers had increased from just over 40,000 in November to over 45,000 by the end of March. In the last week of March it

became clear that Fujitsu were only going to produce a very small number of our cards by the start date of the new scheme on April 1st, despite Derby/Derbyshire providing them with the data within the timetable set in the contract. Whilst the authorities had already made arrangements with the bus companies for the old cards to remain valid in Derby/Derbyshire until the end of May 2008 officers also ordered a supply of temporary national cards which could be issued by the authority to new applicants.

Permanent new cards began arriving in large numbers in April. However there were still a number of card holders who had not received their new card by the end of May. As a result officers issued these people with temporary cards and then reordered them another permanent card from Fujitsu. It was also talking far longer than expected for new cards to be sent out to applicants by Fujitsu. Under the terms of the contract, Fujitsu should have provided them within 5 days of receiving the application however it was in fact taking over 3 weeks for them to arrive. In response Derby and the other authorities in the Derbyshire group refused to pay Fujitsu's first bill. However they then threatened not to provide the authorities with any further cards. As they were the only provider available and the numbers of new people applying for cards continued to increase this was not an option so the councils were forced to pay their bill. To cover this surge in applications extra temporary members of staff were taken on at the Council House reception and within the newly reorganised Integrated Public Transport Group.

By June 2008 numbers of new applications began to return to somewhere near the situation of early 2007 and the service provided by Fujitsu had improved. However because of the earlier supplier problems as a group the Derbyshire authorities are now examining alternative card suppliers. The estimated cost of the first year of the national concessionary travel scheme in 2008/09 scheme in Derby/Derbyshire is £15.9m, of which Derby's share will be approximately £4.1m. However Trent Barton has submitted another appeal to the DfT against the formula used to determine the reimbursement rate. Overall Trent Barton is seeking another £5m from the scheme. Whilst the reimbursement formulas we are using has been set using the guidance provided by the DfT we are not sure that Trent Barton will not win at least part of this appeal which would result it yet more costs to the authorities in the scheme. In additional changes are taking place in the way the costs of the scheme are split between the authorities in the Derbyshire group. Up to now the split has been based on a formula which took account of the population and the number of bus services in an authority area. Under the new arrangements which will be introduced in 2009 the split will be based on the number of concessionary tickets issued in each area. At the moment it is still to hard to say with any certainty what impact this will have on the City Councils costs.