



Changes to the Gold Card Concessionary Travel Scheme for Elderly and Disabled People from April 2007

SUMMARY

- 1.1 Derby City Council along with Derbyshire County Council and the various borough and district councils in Derbyshire are part of the Gold Card bus concessionary fares scheme for elderly and disabled people.
- 1.2 In April last year the scheme was changed to allow free bus travel after 9.30am for Gold Card holders to allow us to meet the new statutory responsibilities laid down by central government.
- 1.3 Whilst estimates of the cost of the scheme were made before its introduction this was against a background of very little practical information either locally or nationally on the amount of additional travel that this type of scheme would generate. As a result the enhanced scheme introduced only applied for 2006/07 to allow a review of its affordability to be carried out once more information on its usage was available.
- 1.4 Following this affordability review Cabinet is being asked to consider amending the existing Gold Card scheme for 2007/08 as follows:
 - holders of Orange Striped Gold Card which is for people over 60 and those with less serious disabilities will no longer get half price bus travel before 0930 Monday to Friday but will instead have to pay full fare.

These changes will still ensure that the scheme meets the statutory minimum government requirements as well as providing the following addition benefits:

- free bus travel for Orange Stripped Gold Card holders from any stop in Derbyshire to any other stop in Derbyshire after 0930 on Mondays to Fridays until the end of timetabled services or at any time on Saturdays, Sundays and Public/Bank holidays
- free bus travel for Orange Stripped Gold Card holders from any stop to any stop outside Derbyshire within the scheme or other vice versa after 0930 on Mondays to Fridays until the end of timetabled services or at any time on Saturdays Sundays and Public/Bank holidays
- half fare on local train services within Derbyshire and on key routes to Nottingham, Sheffield and Manchester at any time for Orange Stripped Gold Card Holders

- holders of Purple Stripped Gold Card issued to people with more serious disabilities will continue to receive free bus and rail travel at any time as now.
- 1.5 These amendments will only apply during 2007/08 financial year. From April 2008 the existing system will be replaced by a national scheme which will allow elderly and disabled people to travel for free on any off peak bus services throughout the whole of England rather than being limited to routes only within their own local authority area.
- 1.6 There is a possibility that some of the bus companies involved in the Gold Card scheme will lodge an appeal against it with the Department for Transport, DfT seeking additional financial compensation for participating in it. This may result in additional costs to the Council should the independent assessor appointed by the DfT find in the bus companies favour.

RECOMMENDATION

- 2.1 To approve amendments to the existing Gold Card concessionary travel scheme for elderly and disabled people from April 2007 so that it meets the statutory minimum government concessionary fare scheme requirement and continues to offer the additional benefits including free travel across Derbyshire, as set out in paragraph 1.4.
- 2.2 To note that the cost of the scheme is uncertain beyond 2007/8 when a national system will be implemented.
- 2.3 To note that a possible additional cost to the Council maybe incurred in 2007/08 should the bus companies involved in the scheme lodge an appeal against it which is accepted by the DfT.

REASON FOR RECOMMENDATION

3. Approval of the amendments will allow the Council to continue to meet its statutory requirements to provide free local bus travel whilst continuing to offer the enhanced provisions enjoyed under the existing the scheme.



DERBY CITY COUNCIL

COUNCIL CABINET
20 MARCH 2007

Report of the Corporate Director of Regeneration and Community

Gold Card Concessionary Travel Scheme for Elderly and Disabled people from April 2006

SUPPORTING INFORMATION

- 1.1 Since April 2006 over 60's and disabled people in England have been entitled to free off peak bus travel. The basic statutory requirement was that these groups should receive free travel on local buses between 930am 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 government did however leave it open to local authorities to offer additional enhancements if they wanted.
- 1.2 Prior to April 2006 Derby City Council was already part of the half fare Derbyshire wide Gold Card concessionary fares scheme. Following detailed discussions Derby City Council and its partners at Derbyshire County Council and the various borough and district council committed themselves to maintaining the county wide coverage of the Gold Card scheme when free off peak bus travel was introduced.

The scheme introduced in April 2006 had the following restrictions on bus services for the different classes of Gold Cards

Orange Striped Gold Card for people over 60 and those with less serious disabilities:

- where a journey is made from any stop in Derbyshire to any other stop in Derbyshire before 0930 on Mondays to Fridays: Card Holder to pay **HALF FARE**
- where a journey is made from any stop in Derbyshire to any other stop in Derbyshire after 0930 on Mondays to Fridays until the end of timetabled services or at any time on Saturdays, Sundays and Public / Bank Holidays: Card holder to travel **FREE** Early morning premium services between 0001 and 0330 are excluded from the Scheme
- where a journey is made from any stop in Derbyshire to any stop outside Derbyshire to key destinations such as Burton, Nottingham or Sheffield within the scheme or vice versa prior to 0930 Monday to Fridays: Card Holder to pay **HALF FARE**; after 0930 on Mondays to Fridays until the end of timetabled services or at any other time on Saturdays, Sundays and Public/Bank Holidays: Card Holder to travel **FREE**. Early morning premium services between 0001 and 0330 are excluded from the Scheme.

1.3 **Purple Striped Gold Card for people with more serious disabilities:**

- where a journey is made from any stop in Derbyshire to any other stop in Derbyshire at any time: Card holder to travel **FREE**. Early morning premium services between 0001 and 0330 are excluded from the Scheme
- where a journey is made from any stop in Derbyshire to any stop outside Derbyshire to key destinations such as Burton, Nottingham or Sheffield within the scheme or vice versa prior to 0930 Monday to Friday: Card Holder to pay **HALF FARE** after 0930 on Mondays to Friday until the end of timetabled services or at any other time on Saturdays, Sundays and Public/Bank Holidays: Card Holder to travel **FREE**. Early morning premium services between 0001 and 0330 are excluded from the Scheme.

There were no changes to the concessionary rail service arrangements.

1.4 Following the affordability review the following additional restrictions are proposed from April 2007

Orange Stripped Gold Card for people over 60 and those with less serious disabilities:

- before 0930 Monday to Friday passengers will now have to pay full fare on all bus services within Derbyshire
- before 0930 Monday to Friday passengers will have to pay full fare on all bus services from within Derbyshire to any stop outside Derbyshire to key destinations such as Burton, Nottingham or Sheffield within the scheme or vice versa.

There will be no new additional restrictions over and above those explained in section 1.3 for Purple Stripped Gold Card holders.

- 1.5 The estimated cost of the proposed County wide free scheme in 2007/08 would be approximately £13.15 million of which some £3.09 million will be contributed by the Derby City Council. This is an increase of £1.15m overall on the 2006/07 budget of which approximately £290,000 will be contributed by the City Council. The financial implications of the proposal are set out in Appendix 1.
- 1.6 Following protracted negotiations with the 3 main bus operators who receive approximately 75% of the concessionary fares revenue county wide several of them said the offer was not in their opinion high enough. As a result they were of a mind to appeal to the independent assessor appointed by DfT to deal with these problems. Work carried out to assess the potential maximum financial risk of such an appeal indicates the claim against the whole scheme could be as high as £1.5million. However having examined the claims and settlements awarded elsewhere in the country using average fare calculations and elasticities there is a degree of confidence that with the offer that has been made we can reduce the maximum risk to £700,000.
- 1.7 The fact that the bus operators have not accepted the offer made to them will not however effect the introduction of the scheme in April. Derbyshire County Council on behalf of the Derbyshire Concessionary Fares partnership which includes Derby City

Council served a participation notice to operators on the 2 March. This means that they will all have to take part in the scheme. Those operators who wish to appeal against it will then object to the DfT directly but they must remain in the scheme. The partnership and the operator will be asked to submit to an independent assessor appointed by the DfT information to support their respective cases. Copies of the submissions to the DfT must be sent to the other parties. After reviewing this information the assessor will determine an award which is binding on all parties.

- 1.8 It should be noted that information from appeal case decisions made so far indicate that all have been interim awards in the operators favour of the claim. However these are interim awards only and the parties have to recalculate the final settlement for 2006/07 based on actual returns for 2006/07 and reach agreement by the end of June 2007. It is proposed that should the assessor find in favour of the bus companies that the City Council will pay 25% of the total awarded which will be approximately £175,000.
- 1.9 The exact details of national scheme to be introduced in April 2008 have still yet to be decided. However the process will still be administered by local authorities rather than central government. Prior to the introduction of this scheme it is likely that all the existing Gold Cards in circulation will either need to be replaced or have a national identifiable logo attached to them.

OTHER OPTIONS CONSIDERED

2. The provision of free off peak local bus travel for the over 60's and disabled people has been a statutory requirement since April 2006. Whilst under the terms of the act the provision of free local bus travel from April 2006 need only apply to the area within the district or unitary authority boundaries the partners in the existing Derbyshire wide scheme felt it would clearly be preferable to maintain free travel countywide. Some of the practical implications of a district only free travel scheme would include
 - the need to issue a different concessionary cards specific to each of the nine local authority area within the County
 - how the bus drivers would identify the different passes and ensure that free travel journeys were only made in the respective district areas bearing in mind that bus stops and ticket fare stages do not follow district boundaries
 - the existing electronic ticket machines on buses do not have the capacity to deal with the extra number of passes proposed and local authorities would have to meet the cost of any modifications required.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Details of the proposed administrative arrangements

IMPLICATIONS

Financial

- 1.1 It is anticipated that the proposed scheme will cost the City Council approximately £3.09 million.
- 1.2 Should the assessor find in favour of the bus companies the City Council would be likely to pay 25% of the additional cost which equates to approximately £175,000.

Legal

- 2.1 The current scheme is formally laid down and operated in accordance with relevant legislation in the Transport Act 1985, and the Transport Act 2000. The statutory instrument setting out the proposed change to concessionary travel schemes were published in February 2006.
- 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. None directly arising.

Equalities impact

- 4 The scheme has the potential to significant improve the quality of older and disabled peoples lives.

Corporate Priorities

5. The proposal predominantly comes under the Council's Objective of:
 - strong and positive neighbourhoods
 - a healthy environment

DETAILS OF THE PROPOSED ADMINISTRATIVE ARRANGEMENTS
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Proposed administrative arrangements

1. Recording of Fares Foregone

- All journeys must be recorded electronically by a ticket machine capable of storing all data for tickets issued on a computer
- A ticket shall be issued to all passengers making either a free fare or half fare journey.
- Ticket classes shall be included in the ticket machine's stored data so that all tickets issued shall be recorded against the correct type of Gold Card.
- Where a conductor is used on a service provided by a bus on which an electronic ticket machine cannot be mounted then a manual means of recording travel shall be agreed by Derbyshire County Council.

2. Payment

- Reimbursement for the period 1 April 2007 to 31 March 2008 will be based on the payment made for the period 1 April 2006 to 31 March 2006 plus 8.06% subject to any variations for changes to services. Data of fares forgone shall be supplied electronically by operators at the end of each calendar month.
- Payment to operators shall be made at monthly intervals at the mid point of the month based on the following:
 - operators to retain full fare revenue collected before 0930 hours Monday to Friday
 - where agreed by Derbyshire County Council, proven and audited additional extra volume capacity and journey costs resulting from the implementation of the concessionary travel scheme will be accepted as additional costs payable
 - market adjustment to be made for any network changes in excess of plus or minus 5% of mileage for those services for BSOG. Only claims in excess of this 5% level will be considered.