

SURREY COUNTY COUNCIL

CABINET

DATE: 27 NOVEMBER 2012

REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT AND ENVIRONMENT

LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR FOR ENVIRONMENT AND INFRASTRUCTURE

SUBJECT: ENGLISH NATIONAL CONCESSIONARY TRAVEL SCHEME – SURREY SCHEME FOR 2013/14



SUMMARY OF ISSUE:

Surrey County Council is responsible for the administration of the English National Concessionary Travel Scheme (ENCTS) within the county boundary. This report reviews the existing scheme and sets out the Surrey concessionary travel scheme for residents aged 60+ and disabled residents for 2013/14.

RECOMMENDATIONS:

It is recommended that:

1. the existing Surrey concession travel scheme offer is retained for 2013/14
2. the ability to decide on amendments to bus operator reimbursement is delegated to the Strategic Director for Environment and Infrastructure together with the Group Manager, Travel and Transport in consultation with the Cabinet Member for Transport and Environment.

REASON FOR RECOMMENDATIONS:

This is a statutory obligation for the council. The two local scheme enhancements proposed have a relatively low additional cost but a high value placed upon them by their users.

DETAILS:

The Existing ENCTS Scheme

1. From 1 April 2011 Surrey Country Council has been responsible for the administration of the English National Concessionary Travel Scheme (ENCTS). This was previously undertaken by the District and Borough Councils. Nationally ENCTS requires Travel Concessionary Authorities (TCA) to fund free off peak bus travel to pass holders aged 60 and over (rising incrementally to 65 by 2020) and disabled pass holders. The ENCTS statutory minimum scheme provides for a start time of 0930 hrs and a finish time of 2300hrs Monday to Friday. Travel must be free all day on weekends and on public holidays.

2. The Surrey County Council scheme currently provides the statutory minimum. In addition, this Council currently offers two local scheme enhancements, over and above the statutory minimum:
 - There is no time restriction to free travel for disabled pass holders in Surrey, meaning travel is available at any time on any day
 - Companion passes are offered to residents who are cannot travel without help. In such cases the holder is issued with a +1 pass, so they may take any companion of their choice.
3. There are 188,000 active ENCTS pass holders in Surrey, including 10,046 disabled pass holders. A further 3,250 companion cards are in circulation, made up of 2,900 disabled companion passes and 350 older persons companion passes. Total pass numbers have increased by over 10,000 since 1 April 2011, an increase of approximately 6%. This can in part be explained by the general trend towards an aging population with more residents meeting the criteria. The number of disabled passes in circulation has also increased. The planned review will consider the reasons behind this increase, which are likely to include greater public awareness of the scheme, economic pressures and an aging population.
4. Approximately 29 million passenger trips were made on the Surrey local bus network during 2011/12, of which almost 8 million passenger trips were made by concessionary pass holders.
5. Concessionary fares reimbursement to the bus operators is calculated using the Department for Transport cost calculator. In 2010/11, bus operators received revenue reimbursement at 59.85% (representing the proportion of journeys which it is estimated would occur in the absence of a scheme) plus 2.38% to cover marginal additional costs, giving an overall reimbursement rate of 62.22%.
6. As noted previously, on 1 April 2011 the duty for the concessionary fares scheme transferred from 11 Borough Councils to the County Council. Alongside this transfer of responsibility the Department for Transport (DfT) published revised guidance on the reimbursement of bus operators. Whilst there were concerns about the guidance and the operation of the DfT's reimbursement calculator, there was no realistic alternative to adoption in principle of the revised guidance. The use of the DfT calculator provides a:
 - Defensible and transparent tool for calculating reimbursement rates, with neighbouring TCAs using an identical methodology
 - Methodology that can be shared with operators and where operators will have had the same calculator applied in other areas
 - Justifiable methodology for internal audit and accountability
 - Process that can be defended in the event of an appeal by a participating bus operator to the DfT
7. The DfT guidance incorporates a spreadsheet calculator and recommends local authorities use it to determine appropriate levels of reimbursement. The DfT guidance also recommends the substitution of default values to take

account of local circumstances where better local data is available. We followed this advice to obtain an accurate reimbursement rate for Surrey of 52.39% in 2011/12, and 53.04% in 2012/13.

8. For the 2011/12 financial year the cost of the ENCTS scheme to this Council was £7.587 million. Of this some £120,000 to £150,000 can be attributed to the additional reimbursement made to bus operators for the two local scheme enhancements set out above. The budget for 2012/13 is £7.698 million. The projected spend for 2012/13 is £8.032 million, representing a budget pressure of £174,000 after income of £160,000 is taken into account. This is based upon data analysis for the first two quarters of the financial year (April – September) and may be subject to variation, for example a particularly mild winter will encourage a high level of use and thus an increased pressure to the budget for bus operator reimbursement.

The Proposed ENCTS Scheme for 2013/14

9. This is a statutory obligation for the Council and the costs of the scheme cannot be capped as operators must be reimbursed for revenue foregone. Therefore if pass holder numbers rise and bus use by pass holders increase, then there will be an increase in administration costs and in reimbursement to bus operators. The Council could review the two local scheme enhancements. However, these are provided at a relatively low total additional cost of some £120,000 to £150,000 but have a high value placed upon them by our residents.
10. The DfT has published additional guidance on the reimbursement for bus operators for the 2013/14 financial year, incorporating relatively minor changes. Following this guidance, using current passenger statistics and assuming a 4% increase in average bus fares, it is anticipated that the reimbursement rate to bus operators will vary downwards from the current rate of 53.04%. Initial modelling has indicated a rate in the region of 52.7% for 2013/14. The precise rate will be confirmed verbally at Cabinet. However the net impact on the overall budget may see an increase of some 3.5% for 2013/14 or approximately £280,000. This is in addition to the £174,000 budget pressure for 2012/13. The forecast for 2013/14 is subject to passholder use over the year and any operator specific agreements.
11. The increasing number of disabled pass applicants is likely to continue. The planned review during 2013 ahead of the publication of the 2014/15 scheme will consider the reasons behind this increase, which are likely to include greater public awareness of the scheme, economic pressures, greater independence and an aging population. A paper will be brought to Cabinet for consideration in summer 2013.

Bus Operator Challenges to the Surrey Scheme

12. In our published scheme and guidance to bus operators we have been clear in stating that where any operator believes that the countywide rate fails to meet the objective of reimbursing it to a 'no better and no worse off' position, the scheme makes provision for operators to request a review of the parameters applied to their own services, on condition that:
 - All the calculator parameters, not just selected items, should be reviewed

- Agreed and verifiable evidence should be provided for all values
13. Twenty three bus operators participate in the Surrey ENCTS. If bus operators assert that the Surrey rate does not reflect their own specific operations we make provision to evaluate this claim by using operator specific and / or route specific data, which is applied using the DfT calculator. This strengthens the reasoning behind using the DfT calculator in the first place and is the process the DfT expects local authorities to carry out prior to an appeal being heard.
 14. This has ensured that the Surrey scheme is robust, defensible and transparent. No successful challenge to the scheme has been made by an operator to the DfT in respect of the Surrey scheme.

CONSULTATION:

15. The scheme was fully consulted on in preparation for the transfer of responsibility on 1 April 2011.
16. There is a requirement to publish the Surrey 2013/14 scheme by 1 December 2012.

RISK MANAGEMENT AND IMPLICATIONS:

17. This is a statutory obligation for the Council and the costs of the scheme cannot be capped as operators must be reimbursed for revenue foregone. Therefore if pass holder numbers rise and bus use by pass holders increase, then there will be an increase in administration costs and in reimbursement to bus operators.

Financial and Value for Money Implications

18. The projected net spend for 2012/13 is £8.032 million, representing a budget pressure of £174,000, after income of £160,000 is taken into account. The projected costs in 2013/14 to retain the current scheme are difficult to estimate at this stage given that this is statutory demand-led provision however initial modelling indicates an additional budget pressure of £280,000 in 2013/14 . Funding for the ENCTS is part of the county council's formula grant, and is not correlated to passholder use or bus operator reimbursement.
19. The additional non statutory cost is for the two local scheme enhancements. This amounts to a total of between £120,000 and £150,000.
20. This is a statutory scheme and the forecast 2013/14 cost and associated pressure will be managed as part of the Environment and Infrastructure Budget.

Section 151 Officer Commentary

21. The S151 officer confirms that all material, financial and business issues and risks have been considered throughout the report.

Legal Implications – Monitoring Officer

22. Surrey County Council has been responsible for the administration, management and delivery of the English National Concessionary Travel Scheme since 1 April 2011. This is a statutory duty.

Equalities and Diversity

23. An Equalities Impact Assessment was completed for the inception of the ENCT Scheme on 1 April 2011. The EIA Action Plan has been completed. This report does not propose to change the existing scheme or method of delivery.

WHAT HAPPENS NEXT:

24. Surrey's offer for the English National Concessionary Travel Scheme for 2013/14 will be published on 1 December 2012.
25. A review of two local scheme enhancements will be undertaken as part of the preparation for the 2014/15 English National Concessionary Travel Scheme. A further report on this will be presented to Cabinet in summer 2013.

Contact Officer:

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Consulted:

None

Annexes:

None

Sources/background papers:

Concessionary Bus Travel Act 2007
Report to Cabinet 30 November 2010 Item 12 English National Concessionary Bus Travel Scheme

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