

## **EAST AYRSHIRE COUNCIL**

### **DEVELOPMENT SERVICES COMMITTEE – 13 MARCH 2002**

#### **STRATHCLYDE CONCESSIONARY FARES SCHEMES**

##### **Report by Director of Development Services**

### **1 PURPOSE OF REPORT**

- 1.1** To recommend that the Committee endorse the view taken by the Joint Committee which oversees the Strathclyde Concessionary Fares Scheme in relation to the introduction of free travel on buses from October.

### **2 BACKGROUND**

- 2.1** Last year the Government announced that it planned to seek the introduction of free bus travel within existing schemes for elderly and disabled people. The date set for the introduction of the new concessions is October 2002. To date the Executive has asked scheme operators to agree to introduce the new concessions on a voluntary basis in conjunction with bus companies. But the Scottish Executive has indicated that if voluntary arrangements were not in place new reserve powers available to Scottish Ministers under the Transport (Scotland) Act 2001 would be used to make regulations requiring authorities to introduce schemes which met the Government's policy commitment. A deadline of the end of January 2002 was set for new arrangements to be agreed with bus operators in order to allow the Executive time if necessary to use its default powers in time for the introduction of the new concessions in October.
- 2.2** Subsequently the Scottish Executive announced that the cost of introduction of the new scheme would be built into the assessment of Council expenditure requirements and covered through an increase in the central grant for Councils. Although it is not possible to trace precise figures into additional grant allocations, around £490,000 of the Council Tax allocation to East Ayrshire Council can be attributed to this consideration. It is expected that this will double for the next full financial year, 2003/04.

### **3 STRATHCLYDE SCHEME – CONSIDERATION BY JOINT COMMITTEE**

- 3.1** There has, however, been widespread concern amongst operators of concessionary fares schemes that the allocation of additional funds would be insufficient to meet the costs of the new concession. It is estimated by the Joint Committee that the shortfall for the 6 month period of operation for 2002/03 will be of the order of £2.4 million – this would be double in a full financial year. The

principal concern of the scheme operators in Strathclyde is that an inadequate estimate has been made of the additional use which will be made of bus services. For each existing passenger the cost will be, in effect, the 40p currently collected for concessionary fare trips. For new passengers the cost will be the full cost of the trip which will require to be paid to operators. In addition, diversion of passengers for rail travel to bus travel (if the concessionary fare advantage is not also offered to rail passengers) could result in a reduced level of patronage for rail services which in turn could increase the level of general subsidy required to support the current level of rail services. This is unlikely to be balanced to any significant extent by any reduced general operating subsidy required by bus operators as a result of carrying more passengers – the bus operators have a further concern that some routes will require more buses to operate which could make services less cost effective than at present.

- 3.2** The Strathclyde Scheme Joint Committee has sought assurances from the Scottish Executive that, given the difficulties of forecasting the likely expenditure costs, the full cost of operating the new concession would be underwritten by the Executive. This was not agreed by the deadline for agreeing new arrangements of the end of January. As a result the Joint Committee decided not to agree to the Government's request to introduce the new concessions on a voluntary basis. It was also decided, however, to continue to operate the current scheme. This has been intimated to the Scottish Executive. No response or any indication as to whether the Executive will use its reserve powers to make regulation for the introduction of the new concession within the Strathclyde area has yet been received.
- 3.3** A similar approach has been agreed by CoSLA, representing the views of other authorities throughout Scotland responsible for managing concessionary fare schemes.
- 3.4** In practice scheme operators have had difficulty in reaching agreement on new arrangements with bus operators. This could also result in delays to the introduction of the new concessions in October.

## **4 OTHER ISSUES**

- 4.1** Under the current scheme concessionary bus passengers can travel 10 miles under the concessionary fare – the remainder of longer journeys is paid at the full cost. For passengers travelling from more rural areas, including most of the southern part of East Ayrshire, this concession is extended for travellers from remoter communities to principal centres. The Scottish Executive has indicated that they would like scheme operators if possible to extend the benefits of concessionary travel to longer journeys, including journeys between scheme areas. The introduction of free concessionary fares within the Strathclyde area would provide an opportunity to remove the 10 mile limit within the Strathclyde area scheme. This would have a particular benefit to travellers from remoter

areas such as the southern part of East Ayrshire. If this is not introduced with the new regulations tickets for concessionary travel will have to be retained for longer journeys, complicating the operation of the new concessions.

- 4.2** The Strathclyde scheme currently provides concessionary travel throughout the day except for the morning peak hour up to 9.00am. The Scottish Executive is asking operators to provide free concessionary travel at a minimum after 9.30am, with consideration to be given to offering concessionary travel during the peak hour. At the very least the Strathclyde scheme will require to be brought into line with the minimum requirement proposed by the Council – that could result in an extension of the current peak hour period during which concessions are not available.
- 4.3** The Executive is not currently asking for free concessionary travel to be made available on the railways. Under the Strathclyde scheme concessionary travel is available on the railways at half the standard price.
- 4.4** Two other issues may also require to be considered by the Joint Committee in the coming months:
- As a result of new legislation it will be required to equalise the age of eligibility for men and women – this will result in a reduction of the eligibility age for men to 60. The date at which this will be introduced will depend on new legislation. The Scottish Executive has made a commitment to fund the cost of this change.
  - As a result of increasing bus fares the subsidy element under the existing scheme has been increasing. Consideration may require to be given to an increase in the current concessionary fare rate of 40p. This could, however, be overtaken by the introduction of free concessionary fares if the Scottish Executive accept the case for additional funding of the cost.

## **5 IMPLICATIONS FOR EAST AYRSHIRE**

- 5.1** The introduction of free concessionary travel would generally be in line with the Council's commitment to promoting equal access to services and to promoting greater use of public transport. The changes in the scheme could be of particular benefit to residents in remoter rural areas. At present travellers from some communities require to take two bus trips to reach centres such as Kilmarnock and Ayr. Currently this requires two concessionary fares to be paid – under the new scheme such trips would be free.
- 5.2** Any regulations introduced by the Government which had the result of restricting the value of the current benefits for longer distance bus journeys could be disadvantageous to some of the most needy communities in East Ayrshire. It is, therefore, particularly important that full funding should be made available by the

Scottish Executive for the introduction of the new concession to avoid any possibility of the current benefits being reduced.

## **6 LEGAL IMPLICATIONS**

- 6.1** The Strathclyde Concessionary Fares Scheme is managed by a Joint Committee which has full delegated authority to take decisions on the management of the scheme including financial decisions. These decisions are binding on member councils, who require to give at least one year's notice of any decision to withdraw from the Joint Scheme.

## **7 FINANCIAL IMPLICATIONS**

- 7.1** In drawing up the Council's budget for 2002/03 the estimated allocation of £490,000 of additional grant has been set aside. The budget as approved does not, therefore, contain provision for the full cost of operating the scheme with the enhanced concession. This will be further considered if the Scottish Executive confirms that they will underwrite the full cost of the scheme.

## **8 RECOMMENDATION**

- 8.1** It is recommended that the Committee:
- (a) endorse the decision of the Strathclyde Concessionary Fare Scheme Joint Committee not to implement free travel concessions until further assurances that the full cost will be met by the Scottish executive have been secured
  - (b) note the potential value of the introduction of free concessionary bus travel for residents in East Ayrshire; and
  - (c) note that the cost of introducing free bus travel while maintaining the current level of benefits including rail concessions could exceed the sums currently allowed for by the Scottish Executive in setting the level of grant towards Council expenditure

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6 March 2002  
SC/JR

## **BACKGROUND PAPERS**

**Nil**

For further information on the contents of this report, please contact Stephen Chorley, Director of Development Services, on 01563 576011

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**AGENDA**