

Cabinet

18 April 2023

Free Bus Travel (Concessionary Travel) Scheme Review

Recommendations

That Cabinet:

- 1) Approve the continuation of the Warwickshire County Concessionary Travel Scheme at Appendix 1 for a further period of five years, from 1 April 2023 until March 2028, subject to the modifications referred to in recommendation 2 below;
- 2) Approve the introduction of all day travel for holders of disabled person's passes below state retirement age, for a trial period of 12 months to commence as soon as possible after 1 April 2023; and
- 3) Support further exploration of a stand-alone discretionary scheme for other groups of individuals and undertaking a feasibility study into introducing companion passes as set out in section 5 with proposals to be reported back to Cabinet.

1. Executive Summary

- 1.1 Warwickshire County Council is responsible for operating the England National Concessionary Travel Scheme (ENCTS) in Warwickshire. The statutory scheme provides free off-peak travel and funding is within the overall financial settlement for local government. Off peak travel is defined as 9.30am to 11.00pm on weekdays and all day at weekends and on public holidays.
- 1.2 In November 2017 Cabinet determined that the scheme be reviewed during summer 2022.
- 1.3 An engagement exercise was undertaken during July-September 2022. The survey was available via the Ask Warwickshire website and paper forms were also sent to a representative sample of passholders. The survey form is in Appendix 2.
- 1.4 This engagement exercise had 12,639 survey responses. The results are contained in Appendix 3.

2. Background

- 2.1 The statutory scheme provides free off-peak travel. Off-peak travel is defined as 9.30am to 11.00pm on weekdays and all day at weekends and on public holidays.
- 2.2 The current scheme has been operating in Warwickshire since April 2011, when the Council took over responsibility from the District and Borough Councils and was most recently reviewed in 2012. It consists of the national scheme plus the following local discretionary enhancements for Warwickshire passholders only:
- (i) free travel between 9.00am and 9.30am on weekdays; and
 - (ii) free travel between 11.00pm and midnight on weekdays.

The overall effect is that Warwickshire County Council passholders can travel between 9.00am and midnight on weekdays and all day at weekends and on public holidays.

- 2.3 Although the Council is required to deliver the ENCTS in Warwickshire no specific funding is received. Funding for concessionary travel, as with the majority of local authority services, is part of the Authority's core spending power, calculated as part of the annual Local Government Finance Settlement. Notional funding to provide the statutory travel is included as part of the underlying assessment of the Authority's relative need to spend that underpins the calculation of core spending power. The assessment of relative need was determined in 2011 and has been rolled forward unchanged since. In the Council's budget the funding for concessionary travel is part of the approved budget for Environmental Services.
- 2.4 Eligibility for an older person's pass is linked to state retirement age (currently 66 years) and passholder numbers have been gradually decreasing since the Council took over the scheme in 2011 and as the retirement age has changed. As of 31 October 2022 there were 82,894 passholders, divided between 79,243 older person's passes (95.6%) and 3,641 disabled person's passes (4.4%).
- 2.5 ENCTS rules dictate that the Council pays the bus operator in such a way that the operator is no better off and no worse off than they would be if the scheme did not exist. The Department for Transport (DfT) has provided a calculator to help assess the amount that bus operators are paid.
- 2.6 The Council uses the DfT calculator to calculate the amount due to the bus operators, based on individual bus routes. A fixed amount is payable each time someone boards a bus in Warwickshire using an ENCTS pass (this includes visitors to the County and is different for each bus route). If a Warwickshire passholder boards a bus outside the County then the cost of that is borne by the local authority where the journey starts.

2.7 A current summary of the Warwickshire County Concessionary Travel Scheme is included in Appendix 1.

3. Impact of COVID

3.1 Concessionary passenger numbers had been decreasing for several years but saw a dramatic fall in March 2020 as a result of the Pandemic.

3.2 In April 2020 the Department for Transport (DfT) instructed travel concession authorities to continue paying bus operators their reimbursement at pre-COVID rates. Legislation was drafted to temporarily remove the requirement in 2.5 above. This legislation has been renewed and will expire in March 2023.

3.3 The Council paid the full pre-COVID reimbursement amounts during 2020-21 and 2021-22 but adjusted them to take account of any reductions to the service levels by operators once lockdown had ended.

3.4 In November 2021 new DfT guidance proposed authorities should gradually decrease their payment to operators by 5% each month until actual patronage levels increased to meet the reimbursement being paid.

3.5 Due to concerns about the viability of bus operators and impact on commercial services, payments were not reduced immediately, as officers deemed it sensible to wait for the outcome of the Bus Service Improvement Plan (BSIP) funding application and also DfT's Bus Recovery Grant figures for 2022-23.

3.6 The Council reimbursed operators in full (adjusted for service changes) until September 2022. From October 2022 onwards reimbursement was reduced by 10% to 90% of pre-COVID levels.

3.7 The original intention was to reduce the reimbursement levels by a further 5% each month until 65% of pre-COVID levels were reached by March 2023. However, DfT issued further advice which permitted authorities to keep paying above the actuals during the 2023-24 financial year.

3.8 Officers have therefore agreed to hold reimbursement levels to operators until March 2024 at 100% of pre-COVID in order to allow patronage to recover further, as to reduce levels at present would result in a number of bus services becoming non-viable and being withdrawn by operators. Funding to deliver this level of support is part of the Council's approved budget.

3.9 If bus services were withdrawn by operators then the council would need to arrange subsidised services to replace them and this would likely be at a higher cost.

3.10 In Warwickshire, concessionary journeys have reached approximately 60% of pre-COVID levels, while paying passengers have reached around 75% of pre-COVID levels.

- 3.11 It is believed that the difference is partly due to passholders being more vulnerable and more careful, and partly due to people getting into the habit of going out less overall.
- 3.12 Moving forward, DfT has indicated that if patronage levels do not increase, then the notional funding for concessionary travel in any future Local Government Funding Settlement and needs assessment could be reduced. As the funding is part of the overall formula funding for local government any reduction is likely to be based on the overall national position rather than Warwickshire specific patronage.
- 3.13 Recent guidance from DfT has stated that a full review of the statutory scheme will be carried out during 2023 and this will include reimbursement costs, eligibility, operating hours and value for money.
- 3.14 It is therefore suggested that, as a minimum, there is a publicity campaign aimed at getting concessionary passholders back on the bus. This can be funded from within the existing budget.

4. Survey responses

- 4.1 A copy of the 2022 survey form is included in Appendix 2.
- 4.2 Analysis of the survey responses to the engagement exercise are given in Appendix 3.
- 4.3 The volume of responses is indicative of the importance of the scheme to passholders. This is the largest survey response ever received by the Council. The response rate for paper questionnaires sent out was 32.3% and the overall response rate was 14.8% of all passholders.
- 4.4 Key information taken from the survey, which relate to the review are as follows:
- (i) 54% of respondents who hold a disabled person's pass rely on their bus pass and don't have access to a car;
 - (ii) 78% of all respondents said the scheme should remain as it is with no changes;
 - (iii) 74% of all respondents thought that a carer or companion travelling with a disabled person who cannot travel alone should be offered free travel.
- 4.5 Results relating to bus services and customer services will be shared with the relevant teams for consideration. Key findings include:
- (i) results indicate that over 21,000 passholders do not have their own email address and so will have less access to online services;

- (ii) there is concern about the availability of timetable information offline; and
- (iii) satisfaction with bus punctuality has dropped since the last survey.

5. Options for changing the scheme

- 5.1 When asked about travel times, 78% of respondents said it should remain as it is, commencing free travel for Warwickshire passholders from 9am.
- 5.2 Only 11% of passholders supported removing the discretionary travel times and reverting to the statutory scheme. Bus operators are entitled to additional payments if the concessionary journeys create sufficient demand that extra vehicles and/or services are needed. Currently we pay these additional amounts on services where the peak is just after 9am due to concessionary travel usage. If the start time is delayed until 9.30am then, in most cases, we believe that the peak in usage would also move to just after 9.30am and so there would be little or no saving to the Council as we would still need to pay operators for the increased numbers of vehicles and/or services. Reverting to the statutory times is therefore not recommended.
- 5.3 There was little support overall for free or reduced price all-day travel. However, it is notable that 54% of holders of a disabled person's pass do not have access to a car and rely on their bus pass, and 54% of disabled person's passholders favoured free all-day travel for disabled person's passholders in the survey responses. There are also enquiries every year from disabled people who would like to use their bus pass to access work but cannot do so due to the start time. We have therefore looked at the possibility of introducing all day travel for disabled person's passholders. An Equality Impact assessment is included at Appendix 4.
- 5.4 When asked about people who should be offered a travel concession, 74% of respondents said we should add free travel for a carer or companion accompanying a passholder – subject to eligibility criteria. This was higher than expected. This is known as a 'companion pass' or a '+1 pass' and involves the passholder being issued a card which entitles one other person to travel with them. A companion pass is a variant of a concessionary travel pass which allows a companion to travel with the passholder. The carer or companion does not have a pass of their own and has no entitlement to travel alone. This is normally denoted by "+1" or "C+" printed on the pass, along with a slightly different encoding on the smartcard.
- 5.5 The introduction of a companion pass would be a significant undertaking, in order to:
- i. assess the costs;
 - ii. identify funding;
 - iii. consult on the proposals;
 - iv. negotiate with bus operators; and
 - v. manage the technical introduction of a new smartcard.

- 5.6 There was less support from the survey responses for introducing a pass for other categories of people including refugees (13%), apprentices (17%) and young people aged 16-25 (19%).
- 5.7 However, outside the engagement exercise, there have been a significant number of enquiries about providing limited free travel as part of the Homes for Ukraine scheme and so it is suggested that the Council explore the possibility of introducing a standalone scheme for groups of people who are not eligible under the national scheme.
- 5.8 It is recommended to introduce all day travel for holders of disabled person's passes below retirement age, for a trial period of 12 months, in order to increase access to education, training and employment. This will enable an assessment of demand, usage patterns, and ongoing cost.
- 5.9 It is recommended that we undertake a feasibility study into the introduction of a companion pass to see whether it is affordable, given the high levels of support for the measure.

6. Additional considerations

- 6.1 Most bus services are commercially operated, and concessionary travel income forms part of the calculations as to whether an individual route is viable at current service levels. It is key that we look to increase patronage on the bus network, both concessionary and fare-paying, to as close as possible to pre-COVID levels, in order to protect the public transport network within the County. Any long term drop in the number of concessionary journeys will have a corresponding negative impact on the bus network.
- 6.2 There are a small number of disabled person's passes held by children who received free home to school transport and who have an education, health and care plan (EHC Plan). Currently, work is ongoing on providing travel training for older teenagers in this group but currently the young people cannot use their concessionary bus passes due to the inability to use it before 9am to travel to school or college. Not every child with an EHC Plan would qualify for a concessionary pass, due to the qualifying disabilities set out in the legislation but, for those that do, free all-day travel would allow them to participate in travel training without the need for the Council to purchase a commercially issued bus pass. There is a relatively small cohort of these young people at present (fewer than 20) but there is scope to increase this.

7. Financial Implications

- 7.1 For several years, the concessionary travel budget has been underspent at the end of the year as numbers of bus journeys have been reducing year on year.

- 7.2 If we do nothing, and patronage does not improve back to pre-COVID levels then, based on the most recent DfT commentary, the notional allocation for concessionary travel with any assessment of local government's overall need to spend could be reduced. This would form part of the Fair Funding review of the relative need to spend of local authorities is taken forward. This will not be until after the next General Election and is likely to be 2025-26 at the earliest. If Warwickshire's patronage figures are reflected across the country this could result in a reduction of our core spending power. This would materialise as a reduction in our business rates income, which could be as much as £1m, if all other elements of the system remained unchanged.
- 7.3 The proposed changes are to those elements of the scheme above the statutory minimum and will continue to be funded from local taxation. Any consequent increase concessionary bus pass usage overall, if this increases costs above the current budget, will also need to be funded as part of any subsequent MTFs refresh. There will be no additional government funding.
- 7.4 The potential underspend of the approved budget, whilst patronage remains at below pre-covid levels, provides an opportunity to trial changes to the scheme so that we can fully assess the impact usage and therefore future costs. This will allow the cost-benefit of the various options to be considered relative to the potential for additional savings from right-sizing the budget to the current level of activity or reinvesting the funding to expand the subsidised bus network.
- 7.5 All day travel for disabled person's passholders: Only 4.4% of passholders hold disabled person's passes, and not all of these will want to or need to travel. It should be noted that we do not currently issue disabled person's passes to people above retirement age, and they are instead issued with an older person's pass. It is not proposed to change this. If a decision is taken to introduce free all-day travel for holders of disabled person's passes, then it is recommended free all-day travel is permitted for a trial period, so that the uptake and cost can be assessed. This is expected to have zero impact on expenditure during 2023-24 as operators will already be paid at 100% of pre-covid levels, and current patronage is much less than this. Therefore, this trial will not cause the concessionary travel budget to be overspent.
- 7.6 Usage data and feedback from the trial will allow a decision to be taken on whether to extend the trial, end the trial or consider longer term changes to the scheme.
- 7.7 Companion pass: Based on figures obtained from other authorities, it seems that around 2-3% of passholders are generally issued with companion passes. As a rough estimate, 2% of all journeys (disabled person's passes and older person's passes) may cost the authority around £100,000. This compares with an annual reimbursement budget of £5.1 million. However, there are additional costs involved with this option, including the assessment of passholders and, potentially, a change to the way passes are issued. For this reason, it is recommended that a full feasibility study is undertaken.

8. Environmental Implications

- 8.1 Overall, there is environmental benefit to getting more people traveling by bus. However, it is not possible to quantify the impact of any changes at present.

9. Social Implications

- 9.1 Introduction of free all-day travel for holders of disabled person's passes would allow for more travel training for qualifying young people as part of the home to school transport provision.
- 9.2 Introduction of free all-day travel for holders of disabled person's passes would allow passholders to use their bus pass to access education, training and employment before 9am, removing potential barriers which passholders may encounter at present, particularly if they do not have access to a car.
- 9.3 Introduction of a companion pass, if feasible, would allow more people to access public transport. Currently passholders who require someone to travel with them must pay for that person to travel, and this restricts their ability to utilise their entitlement to free bus travel.

10. Timescales associated with the decision and next steps

- 10.1 If a decision is taken to introduce free all-day travel for disabled person's passholders, then this should take effect as soon as it can be implemented, but no earlier than 1 June 2023.
- 10.2 A feasibility study into companion passes should be completed by the end of August 2023, to be presented to Cabinet for a decision the 2023-24 financial year.
- 10.3 The possibility of a standalone discretionary scheme should be explored during the 2023-24 financial year. Results should be included in the report to Cabinet in 10.2 above.
- 10.4 A publicity campaign should be undertaken during spring or summer 2023 to attempt to increase concessionary travel patronage.

Appendices

1. Appendix 1 – Warwickshire Concessionary Travel scheme
2. Appendix 2 – Survey form from the 2022 engagement exercise
3. Appendix 3 – Results from the 2022 engagement exercise
4. Appendix 4 – Equality Impact Assessment

Background Papers

None.

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The report was circulated to the following members prior to publication:

Local Member(s): N/A – This is a countywide matter.

Other members: Councillors Jeff Clarke, Jonathan Chilvers, Jackie D’Arcy, and Jenny Fradgley