

Report to the Cabinet

Report reference:
Date of meeting:



Portfolio: Community Wellbeing

Subject: Concessionary Fares – Access Into London

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Recommendations/Decisions Required:

- 1. That the Cabinet recommend to Council a supplementary estimate of £68,000 to cover the additional costs of the scheme with Transport for London incurred due to higher than anticipated demand in 2005/06.**
- 2. That in view of the changes to the pricing structure used by Transport for London, the scheme is amended for 2006/07 to no longer include tube travel.**
- 3. That subject to 2. above, a bid for CSB growth of £45,000 is made to Council to fund the revised scheme in 2006/07 and that the charges for a pass are held at the current level of £30 or £10 if the applicant is on housing benefit or income support.**

Report:

- 1. The Council has a concessionary fare scheme running in conjunction with Transport for London (TfL). This scheme is unique amongst district councils as no other districts have schemes that involve London Underground or bus travel so far beyond their boundaries. An agreement was entered into with TfL for the three years to 1 April 2004, this was subsequently extended for one year to 1 April 2005.**
- 2. From 1 April 2005, following the withdrawal of half fares on buses, the scheme was amended to allow pass holders to travel free on buses. This did not apply to London Underground who continued to charge half fares for tube travel. In order to finance the enhanced scheme charges were raised from £20 to £30 per pass (£7 to £10 for those in receipt of benefit) and a CSB growth bid of £10,000 was approved. The CSB growth bid was based on the assumption that the number of passes in issue would not increase substantially, and the report cautioned that if the number of passes doubled CSB growth of £30,000 would be required.**
- 3. The popularity of the revised scheme has dramatically exceeded all expectations and the number of passes in issue has increased from 190 to over 700. Whilst it is very positive that so many more residents are benefiting from the scheme, there is a financial downside, as a supplementary estimate of £68,000 is now required to support the scheme in its current format for the remainder of the financial year.**

Options available:

- 4. For 2006/07 there are three possible options. The first option is to retain the scheme in its current format and continue to provide a pass offering free bus travel and half fare tube travel.**

5. The second option is to amend the current scheme so that the passes issued will only allow free travel on buses and not provide any concession on tube usage. The Mayor of London recently announced a new fares package that will come into effect on 2 January 2006. As part of this package a single journey in zones 2-6 will cost £1 using an Oyster smart card but £3 using cash. The current concession allows half fare travel, which only reduces the price to £1.50. Therefore pass holders using their passes to obtain discounted tube travel would be better off buying an Oyster smart card instead. As use of the tube concession is no longer cost effective for pass holders there seems little sense in continuing to offer the concession.
6. Under the revised scheme of charges the cash single fare on buses will increase to £1.50 from £1.20, the Oyster fare remains fixed at 80p off peak. This gives a return cash fare of £3 and so pass holders will have got the value of their pass back when they make their tenth return journey. Another way of looking at this is to consider someone making an average of two return journeys per week. With this level of travel the pass provides a net annual saving of £282 against the cash fare or £136 against the Oyster fare. In view of the excellent value still offered by the pass, it is suggested that even though the tube concession is withdrawn the charge should be held at £30.
7. The third option is to terminate the scheme and only offer the Essex wide concessionary bus fare scheme. Members will be aware that the benefits under the Essex wide scheme will increase from half fare to free travel with effect from 1 April 2006.

Revenue implications:

8. If the first option to retain the current scheme is pursued a bid for CSB growth of £108,000 would be needed. The £108,000 is based on the £68,000 mentioned above plus £20,000 to allow for an increase in TfL charges and another £20,000 to cover any further increase in the number of passes issued.
9. If the second option were followed there would be a need for a CSB growth bid of £45,000. The £68,000 mentioned above will be reduced by a saving of approximately £35,000 for removal of the tube element but an increase of £12,000 is needed for increased TfL charges. The saving of £35,000 is based on the current charge per pass of £144 being derived from approximately 35% tube travel and 65% bus travel. If this option is followed it is anticipated that the number of passes in issue will not increase.
10. If the third option were followed there would be a revenue saving in 2006/07 of £100,000, compared against the revised estimate for 2005/06. This comprises of the original budget of £32,000 and the supplementary estimate of £68,000.

Options considered and rejected:

11. The option of retaining the scheme in its current format has been rejected. This is in part due to the substantial CSB growth required to support it but more importantly because it no longer makes sense to offer the tube concession. If the pass were to continue to offer half fare tube travel we would be encouraging pass holders to pay a surcharge of 50p on every journey, compared against the fare available through using an Oyster smart card.
12. The option of terminating the scheme has also been rejected. Although there are only just over 700 passes in issue, complete cessation of the scheme would have a considerable impact on these individuals. Past surveys have identified that some of the pass holders make extensive use of the passes and would strongly object to their withdrawal.

13. A third option rejected previously when the Cabinet last considered the TfL scheme was for the Council to issue Oyster smart cards, with an element of subsidy credited on the cards. It was felt at that time that due to the inability to restrict the area of travel with an Oyster card these would prove too popular and create an enormous financial burden on the Council. This position has not changed and the Council is not in a position to provide the level of financial support necessary for an Oyster Card scheme. Epping Forest District Council is not a London Borough and does not receive funding for concessionary travel to the same extent that London Boroughs do. The existing scheme with TfL is unique amongst district councils and already offers greater benefits than are available to residents of other districts.

Statement in support of recommended action:

The action proposed offers a middle course between the harsh impact on a few individuals of withdrawing the scheme and the significant financial risk to the Council of offering Oyster Cards. Given the changes to the TfL charging structure the tube concession can be removed without making pass holders worse off.

Consultation undertaken:

Transport for London have been consulted and are willing to amend the scheme as recommended above.

The Portfolio Holder has been consulted and made the following comment:

Because the Essex free-travel scheme will apply throughout TFL routes which come into the District (20, 150, 167, 362, 397, and 462) the financial incentive to pay the £30 TFL pass up front charge may be lessened, and its take up in 2006/7 reduced. But this is as yet uncertain and it seems prudent to forecast on the basis of the present demand level.

Resource implications:

Budget provision: A bid for CSB growth of £45,000 for 2006/07 would need to be made.

Personnel: N/A

Land: N/A

Community Plan/BVPP reference:

Relevant statutory powers: N/A

Background papers: N/A

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A

Key Decision reference: (if required) N/A