

18th November 2009

Concessionary Fares

Summary

This paper provides an update on the LGA's work on concessionary fares issues since the last meeting of the board. Specifically it covers the recent announcement from DfT that they will consult on a revised distribution of special grant funding for the national bus concession in 2010/11.

The consultation paper is available on DfT website at:

<http://www.dft.gov.uk/consultations/open/specialgrantfunding/>

Recommendations

Members are asked to note the report and the LGA position and comment on the proposed LGA activity set out in paragraph 8.

Action

To progress actions set out in paragraph 8 subject to comments from the Board and report progress at future Board meetings.

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Concessionary Fares

Consultation on Local Authority Special Grant Funding in 2010/11 for the national bus concession.

1. On 4 November, the Department for Transport launched a consultation on a revised distribution of the £223 million Special Grant Funding for 2010/11 for the national bus concession in England. The consultation paper states that in the Department's view, the additional special grant funding provided to local authorities since April 2008 is sufficient in total to meet the extra costs of the new concession, but that a review of the costs of the concession in the first full year has shown that there are distributional issues with the grant. The consultation paper acknowledges that a number of authorities have received insufficient funding to cover their costs, but also states that others have received more than they required.
2. The consultation does not affect the distribution of the funding councils receive through Formula Grant. DfT estimates that £700 million is incorporated in Formula Grant in respect of the scheme which existed prior to the introduction of the national scheme in April 2008. We do not recognise this figure and any figure for the government's contribution to the pre-2008 concessionary fares arrangements can only be an estimate.
3. The revised distribution set out in the consultation paper is provisional and subject to an eight week consultation period which closes on 30 December 2009. Government intend to respond to the consultation and provide final details of allocations for each authority in January 2010. If a revised distribution is the preferred option, it will be subject to a debate in Parliament early in 2010.
4. If implemented, the proposals would mean:
 - A £29 million reduction in funding for London next year;
 - reductions in funding for 63 councils outside London, which, although on smaller scale than London's reduction could still have significant budgetary implications for those areas;
 - 116 councils would see their grant remain unchanged;
 - 95 councils would have their grant increased;
 - of the councils which would gain funding under the proposals, 9 would receive over £1 million.

LGA position

5. The LGA's longstanding position is that the concessionary fares scheme should be fully-funded at the level of the individual council. We have been working with councils receiving insufficient grant under the current funding arrangements to press government to address these shortfalls. We have always argued that this should not leave any other council underfunded for the statutory scheme. Our position, which we have made clear to Government, is that the best way to resolve the problems with funding for concessionary fares is to provide a top-up grant to make contingency payments to those councils that can demonstrate that they are materially underfunded by the special grant distribution. This remains our preferred option and we have

urged Ministers to take this approach to the 2010/11 settlement. Members will be aware that the LGA does not take a view on distributional issues between member councils.

LGA activity

6. David Sparks met with Transport Minister, Sadiq Khan on 22 October, knowing that the government was considering a revision to the grant distribution. He urged the Minister to make a decision rapidly on whether or not to propose changes to grant funding in 2010 as councils urgently need to know for budget setting purposes.
7. Margaret Eaton wrote to Secretary of State for Communities and Local Government John Denham on 26 October setting out the LGA's position and again emphasising the importance of an early decision.
8. Following the announcement of the consultation:
 - Margaret Eaton wrote to the Leaders of all councils on 5 November to alert them to the consultation and our position and to encourage them to respond to DfT as quickly as possible so that Ministers can fully understand the impact and potential for disruption of a reallocation. It is important that all councils respond, even if they are content with their allocation, because any further changes to the grant made as a result of information received from councils will impact on allocations to other authorities;
 - An LGA press release was issued on 4 November outlining the LGA's position;
 - LGA Officers and Lead Members are liaising closely with London Councils on the implications of the proposed reduction of grant in London;
 - Officers from all travel concession authorities are being invited to attend a meeting at Local Government House to discuss the consultation and inform the LGA's understanding of the impact of revised funding across the country;
 - The LGA will continue to make representations to Ministers in the strongest terms to ensure that all areas of the country receive sufficient funding for the statutory scheme.

Possible changes to the administration of concessionary travel

9. During the summer, DfT also consulted on possible changes to the funding and administration of concessionary travel to take effect from April 2011. This includes the proposal to transfer responsibility for concessionary fares from Districts to Counties in two-tier areas. Government have not yet issued a response to this consultation. The LGA will continue to press Ministers to announce their decision at the earliest opportunity to enable councils to make preparations for arrangements in 2011.

Cross border travel

10. Following discussion at the last meeting of the Board, the Chair wrote to Sadiq Khan to raise the issue of cross border concessionary travel between England, Scotland and Wales. A copy of that letter is attached.

Financial Implications

17. Staffing and other resource implications of the report can be met within current resources.

Implications for Wales

18. The English National Concessionary Fares Scheme does not apply to Wales, although as set out in paragraph 10, we are working at Members' request to address cross-border issues.

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