

## Demand Led Transport

**Project Sponsor:** Alan Goodrum (*Chiltern District Council*)  
**Project Manager:** Oliver Asbury (*Chiltern District Council*)

### 1. Recommendation

- 1.1 That the Board agree:
- a) The project as outlined in this report, and
  - b) The project budget

### 2. Project vision/objectives

#### 2.1 Concessionary Fares

The Pathfinder submission proposes efficiency savings in delivering the 2008 concessionary travel scheme through a single management structure for the administration of the scheme on behalf of the four District Councils. This could be undertaken by one of the four districts, by the County Council, or by an external agency on behalf of the Councils. Background information about the anticipated changes to the concessionary fares scheme is provided at Appendix 1 to this report.

#### 2.2 Dial-A-Ride

Through the Pathfinder, we will be investigating opportunities for improving the efficiency of the management of Dial-A-Ride services through the creation of a central management structure and call centre.

### 3. Scope

#### 3.1 **Within Scope**

The project focus will be Demand Led Transport throughout Buckinghamshire including national links.

The project will account for all 5 Council requirements regarding Concessionary Fares and Dial-A-Ride services.

#### 3.2 **Out of scope**

Protracted negotiations with operators on disputes about reimbursements.

### 4 Benefits

#### 4.1 **Financial**

##### 4.1.1 Concessionary Fares

The saving in administration costs (after initial setup arrangements have been put in place) was estimated in the Pathfinder submission document to be at least £20,000 per annum on staffing. Subsequent investigations have identified the potential for greater efficiency savings when considering compliance to forthcoming national obligations, and these will be identified as part of the project. Agreeing Buckinghamshire's approach at this stage could potentially have savings in the region of hundreds of thousands of pounds from 2008 when addressing the aspects raised in Appendix 1 paragraphs 2.4 and 2.5.

#### 4.1.2 Dial-A-Ride

The potential financial benefits will be identified as part of the project but are likely to be achieved through:

- Single Dial-A-Ride booking and management structure, reducing overheads.
- Bookings may be operated by a countywide call centre providing other transport services such as rider on call, hospital transport schemes, school transport, social care transport
- Capital grants for the re-provision of the fleet may be accommodated within the Local Transport Plan and in local authority capital programmes
- External funding from lottery for a single dial-a-ride may be available in a climate that such grants are now reducing in availability

### 4.2 **Non financial**

#### 4.2.1 Concessionary Fares

- Improved customer service

#### 4.2.2 Dial a Ride

- Improved community service to other groups e.g. rural isolated, young persons
- Single countywide service could contract with the Primary Care Trust (PCT) to deliver some non-emergency patient transport services

### 5. **Deliverables**

- 5.1 To demonstrate achievable efficiencies and savings through improved joint working arrangements within Buckinghamshire whilst addressing current operational and national obligations.

### 6. **Timescales and key milestones**

#### 6.1 **Within Project**

##### 6.1.1 Concessionary fares

By April 2008, the District Councils will be required to have a new Concessionary Travel scheme in place which accords with the new Concessionary Bus Travel Act 2007. This requires the District Councils to have re-negotiated their reimbursement arrangements to bus operators, as their current reimbursement agreement has effectively been outlawed by the new legislation.

Details of the new scheme have to be finalised and published by 1 December 2007 which will include individual political decisions by the District Councils about the proposals.

Key dates:-

- 1) Project Scoping April – June 2007
- 2) To contact main operators and develop draft operator scheme, by end August 2007
- 3) Councils to present proposals to Operators, 11 September 2007
- 4) Publish details of the new scheme 1 December 2007.
- 5) Operate under new scheme from April 2008
- 6) Operation of service under Pathfinder proposals – Administration arrangement to be agreed and implemented

### 6.1.2 Dial-A-Ride

To start negotiations for a single Service Level Agreement from August 2007 .

## 6.2 **Outside Project**

The national scheme announcement as part of the comprehensive spending review 2007.

The possible introduction of smartcards from April 2008, as outlined at Appendix 1 (paragraph 2.4-2.5). The impact of this obligation will be assessed as part of this project.

## 7. **Estimated costs**

7.1 The estimated cost of the project is £30,000. This is based on the cost of the proposed study by JMP Consulting (attached as Appendix 2), and relates to both concessionary fares and dial-a ride.

7.2 £18,000 to support the requirements to develop a draft operator scheme, to be presented to operators by September 2007, subject to the current national requirements

7.3 The Dial-A-Ride deliverables start in August 2007, the £10,000 funding will be required from August 2007.

## 8. **Project Board**

Alan Goodrum of Chiltern District Council

John Hodgkins of Buckinghamshire County Council,

Gordon Ridley of South Bucks District Council,

Lesley Yates of Aylesbury Vale District Council,

Julie Mills and John Callaghan of Wycombe District Council,

Simon Rycraft, and Martin Holt of Chiltern District Council

## 9. **Member involvement**

9.1 Regular highlight reports to the Joint Improvement Board and briefings to Members in each authority.

## 10. **Related projects / Work streams**

10.1 This is likely to link Customer Services, Procurement and Support Services

## 11. **Key Risks**

11.1 A key risk for both the concessionary travel and Dial-a-Ride elements of this project is the potential for protracted negotiations between operators. It is however noted that the operators have indicated they are willing to negotiate a reasonable and amicable scheme.

11.2 Another key risk is identified in Appendix 1 paragraph 2.3. It must be noted that it remains the responsibility of the individual district's project board member to obtain relevant Council approvals to maintain the required timescales.

## Concessionary Fares – Background information

### 1. Existing arrangements

1.1 Free off-peak local bus travel became a statutory minimum provision in April 2006. This led to a significant increase in take-up of bus passes across Bucks. Currently about 35,000 passes are on issue, with a further 11,000 customers opting for alternatives to the free bus pass.

Distribution by district is as follows (all figures are approximate):

Aylesbury Vale	13,000 bus passes	1,000 others (tokens / rail cards)
Chiltern	3,000 bus passes	6,000 others (tokens / rail cards)
South Bucks	4,000 bus passes	
Wycombe	15,000 bus passes	4,000 others (tokens / rail cards)

1.2 Bus passes issued by all districts provide free off-peak bus travel after 0900 on weekdays and anytime at weekends, for any journey starting or finishing in Buckinghamshire excluding Milton Keynes. The statutory minimum standard provides free off-peak bus travel from 0930 on weekdays (anytime at weekends) within the district of issue. Alternatives offered by each district vary, but typically include tokens for taxi/dial-a-ride use or a discounted pass for train travel.

#### 1.3 Administration

Concessionary bus travel schemes are currently administered by different services in each District, though all districts adopt a standard procedure for issuing passes. The cost of administering concessionary travel schemes in Buckinghamshire has been estimated as £124,000 per annum, equating to £2.65 per customer.

#### 1.4 Reimbursement of bus operators

Existing concessionary bus pass schemes operate from a fixed level of funding in each district with reimbursement to bus operators distributed between operators on a mileage basis, with no distinction according to the size of bus or the number of passengers carried. As a result, the level of reimbursement varies in each district,.

#### 1.5 Funding issues

Existing grant funding to districts for concessionary travel represents about £2.6 million in 2006/07 – a figure which is fairly close to the amount spent on reimbursement of operators. However, we believe that only about £2m of the expenditure can be matched to the grant funding distribution, leaving about £0.6m to be funded locally in some districts.

Additional grant funding of up to £250m has been committed for 2008/09, and discussions are now taking place through the Settlement Working Group to identify an appropriate formula for distribution of the grant.

Whatever formula is adopted, it is likely that there will still be an imbalance between grant distribution and expenditure between the four districts, and this has been identified as a financial risk within the Pathfinder bid.

## 2. Future Arrangements

- 2.1 From April 2008 all districts will be required to offer a pass providing free off-peak bus travel throughout England. It is anticipated that all schemes will be required to reimburse bus operators for revenue foregone, based on an average reimbursement value for each trip undertaken.
- 2.2 Current information suggests that each district will be responsible for reimbursing bus operators for each concessionary trip that starts in the authority's area. The impact of this change in formula has yet to be quantified, but is likely to result in some districts reimbursing an increased number of trips and others reimbursing fewer than now. The scale of change is likely to be greatest in South Bucks, where a majority of bus journeys are to destinations outside the district, where the return trip will be funded by the adjoining authority.
- 2.3 Some districts will face the challenge of making policy changes to the availability of their concessionary fares scheme in the autumn. The degree of sensitivity in these issues means that sufficient time needs to be built into the programme for the implications of the national scheme and grant distribution to be assessed (winners and losers).

### Smart Cards

- 2.4 The Department for Transport is proposing to make it obligatory for a standard Integrated Transport Smartcard Organization (ITSO) compliant Smartcard to be issued by all travel concession authorities from April 2008, irrespective of whether or not the bus operators are equipped with Smartcard readers. It is expected that Smartcard readers will be widely fitted over the next few years, as a means of more accurately recording the number of concessionary trips undertaken.
- 2.5 Estimates of the cost of purchasing, printing and distributing Smartcards to all customers vary between £3 and £5 per card issued; at current levels of take-up (36,000) this would suggest initial set-up costs of between £100,000 and £180,000 in Buckinghamshire. However, it is anticipated that the introduction of the national scheme will encourage further take-up of passes and a more realistic issue of 50,000 could therefore cost between £150,000 and £250,000. This extra cost is, in part at least, an extra spending burden on the districts in 2007/08 and some additional resources may need to be secured for this purpose.

# Demand Led Transport: Concessionary fares, Community Transport & Dial-a-Ride



Project initiation by JMP Consulting

## Introduction

Five Buckinghamshire authorities (Buckinghamshire County; Chiltern District; Aylesbury Vale District; Wycombe District; South Bucks District) are seeking to demonstrate efficiencies through joint working (as part of a Pathfinder initiative) in respect of concessionary travel and support and development of community transport. JMP has been appointed by the project working group to provide technical assistance and to assist in reviewing all aspects of the two areas of interest with a view to identifying potential efficiencies (both quantifiable and otherwise). Following an introductory meeting between JMP and the working group on 5<sup>th</sup> June 2007, we were asked to finalise the project brief in order to confirm the scope of work and clarify the activities to be undertaken. This document seeks to provide this.

## Aims and Scope

The overall objective is to demonstrate efficiencies and savings through improved joint working arrangements between the 5 authorities. The scope of the work covers two key areas:

- Concessionary travel for older and disabled people
- Dial-a-Ride service provision for people unable to use conventional public transport

The focus of the project is to provide realistic options and a means of action and implementation, in order to demonstrate that the aims and objectives have been achieved.

## Why JMP?

We consider ourselves to be well placed to carry out this study for following reasons:

- Specialist team dealing with passenger transport and accessibility issues, with particular expertise in concessionary travel and community transport.
- Independent company with a national perspective and an ability to meet the specific needs of clients; considerable experience of working alongside local authorities.

## Study Approach

We see the study being in two streams: concessionary fares and community transport. Our thoughts on the way each will be tackled are shown below.

### *Concessionary Fares*

Currently bus operators are reimbursed for free travel undertaken by pass holders from the four Buckinghamshire districts from a 'fixed' fund, which is distributed on a mileage basis without regard to patronage levels. Consequently, detailed patronage and revenue foregone statistics have not been a requirement of the scheme. In addition, locally determined alternatives, such as tokens or discounted rail passes, have been offered to those eligible in each district.

The districts anticipate that, from April 2008 and the introduction of the 'national' scheme, it will be necessary to revise reimbursement arrangements. They are therefore seeking assistance to ensure that an appropriate scheme is devised and that financial risks are identified. In parallel, there is a desire to consider potential efficiencies and economies of scale which may be achieved if a single management structure is established.

JMP proposes that:

- All existing data, spreadsheets and reports held by the five authorities are made available for analysis, including information about the redemption of tokens.
- Operators are requested to provide data relating to journeys undertaken by all pass holders for the years commencing 1<sup>st</sup> April 2005 and 1<sup>st</sup> April 2006 at an appropriate level of detail to identify patronage on specific services.
- Operators and / or the County Council are requested to provide fare tables and corresponding timetables for all appropriate services.
- The next Operator Forum on 21<sup>st</sup> June 2007 is attended to commence dialogue with operators about the new 2008 scheme and the necessary revisions that will need to be made.

JMP will:

- Have meetings with each of the authorities to understand current arrangements and consider individual issues.
- Identify the relevant issues regarding Free National Travel for concessions from April 2008 for each of the authorities in Buckinghamshire.
- Explore the advantages and disadvantages of different administrative structures available to the districts, working individually or as a partnership.
- Assess the financial risks of all alternatives to the authorities, and agree the favoured alternative.
- Identify the potential financial impact on operators, and consider the risk of appeals.
- Provide support in negotiations with operators prior to introduction of the April 2008 scheme.
- Assist in the formulation of documentation for the April 2008 scheme, including the determination of reimbursement arrangements for the favoured scheme. Relevant DfT guidance and advice notes available at the time of publication of the report will be taken into consideration.
- Offer to provide future on-call assistance and support beyond the scope of this commission.

### *Community Transport / Dial-a-Ride*

We will commence this part with the collation of any background information relating to the provision of community transport, such as previous reports or studies, details of current service level agreements and discussion of any issues from the perspectives of the authorities. We will meet with County Council officers to discuss community transport within the wider context of passenger transport provision. Following the CADEX board meeting in August we will arrange a workshop day, to which key stakeholders (including PCT and Ambulance Service) as well as community transport operators will be invited. This will

introduce the review and seek to identify the main issues, including strengths / weaknesses / opportunities / threats. It will also introduce JMP staff to all parties.

Following this we will arrange visits and individual face-to-face meetings with each of the schemes. At these we will seek any available data relating to trips made, origins / destinations etc, but also discuss the scheme, its management and organisation, processes and procedures, usage, funding and any relevant issues. We will seek to carry out a mini independent health check of each scheme. In parallel we will consider issues of potential joint working or co-ordination with other organisations and potentially between the dial-a-rides. In meeting the schemes we will need to understand their motivations, expectations and future aspirations.

From the above we will be able to consider options for the future. This will include recommendations concerning each of the community transport providers, options for collective action between the schemes, options for wider integration, and thoughts on which way to go in relation to operational areas, eligible passenger types, and mechanisms of support from the authorities.

At this point we would recommend holding an interactive presentation of findings and options, inviting immediate feedback from everyone. From there we will undertake an appraisal in order to develop preferred options, for which an action / implementation plan will be developed.

For both this and the concessionary fares work streams it will be important to cost out and compare future options with the current situation, in order to report the anticipated efficiencies and savings from the future proposals.

### **JMP staff**

Our project director will be **Peter Hardy**, a Director with responsibility for passenger transport and accessibility projects. He has been with JMP since 1999, before which he spent 16 years in local government. His background is almost entirely in passenger transport, with experience of public, education, social care, community and demand responsive transport. Most of the work Peter oversees is with and for public sector local, regional and national organisations and bodies. In this study, Peter will direct all aspects of the study, undertake work on the dial-a-ride review, input to the study as appropriate and attend progress meetings.

**David Ivill** will be our project manager, and will particularly oversee and undertake the concessionary travel aspects of the project. Over the last few years, David has developed considerable experience in concessionary fares, providing advice and assistance and undertaking reviews across the country.

Peter and David will be assisted by **Bryony Govan** and **Tim Edwards**, both within our specialist team. Bryony has been with JMP two years, assisting on a wide range of projects, including reviews, evaluation of projects, consultations and surveys. She has assisted Peter on a number of community transport projects. Tim has been with JMP 3 years and assists David in our concessionary travel work, including the administration of the Worcestershire, Herefordshire and Charnwood schemes.

CVs for the above staff are provided along with this document.

### **Experience**

Details of our experience of concessionary fares issues are appended. Our work covers reviews, advice, assistance, and administration; we have also undertaken feasibility studies of potential concession schemes for young people in Luton, Bedfordshire, Nottinghamshire and Darlington.

Other relevant work undertaken by Peter and his team includes the following:



- **Worcestershire Community Transport Development (2003-04)** - for the County Council we reviewed funding arrangements and service level agreements for the 13 community transport schemes in the county.
- **Selby Dial-a-Ride (2004)** – feasibility study into demand and potential dial-a-ride scheme in Selby area.
- **Demand for Ring & Ride in West Midlands (2004)** – market research into the future demand, and consideration of measures to manage this demand.
- **Sunderland Community Transport Study (2005)** – review of all types of specialist and unconventional passenger transport services, with a view to moving towards greater co-ordination and new service development to tackle social exclusion. Following from this we were commissioned to carry out a health check of the organisation and operation of Compass Community Transport. We were further commissioned in 2006/07 to provide advice on staffing, management and IT systems for the scheme.
- **Leicestershire Community Transport (2005-07)** – we undertook a number of commissions, including an evaluation and development plan for the Transport for Health project, a review of community transport in Charnwood District, and a similar study in Harborough District.
- **Community Transport in County Durham (2004-07)** – a number of projects were undertaken including a funding bid for a new scheme in Consett, a study into the potential demand for community transport in Sedgefield, evaluation of a social car scheme and minibus hospital link service.
- **Bedfordshire Dial-a-Ride Review (2006)** – for Bedfordshire County Council we reviewed all aspects of the countywide coverage of dial-a-ride by four different organisations. A series of recommendations were made prior to the development of new service level agreements. Following on from this study we were commissioned by Luton Borough Council to research the demand for dial-a-ride services in Luton.
- **Eligibility Assessment for TfL Door to Door Services (2007)** – we have recently been commissioned by TfL to research social models of disability, in order to recommend or develop a suitable model to use for assessing eligibility for door-to-door services (Dial-a-Ride, Taxicard etc).

## Timescales

Whilst it is possible to run the two streams of work separately, there are some linkages. It makes sense for reporting mechanisms and meetings with the Working Group to consider both together. Therefore, we envisage starting the two together. With the need to publish new concessionary fares scheme details by 1<sup>st</sup> December 2007, there is some urgency to commence this work immediately. The starting point for this will be David Ivill's attendance at the Operator Forum on 21<sup>st</sup> June, which will introduce the work to a wider audience. Ideally, we would hope to have undertaken all the analysis and considerations in order to have draft proposals for the new scheme by late October 2007. This would include an agreed way forward in respect of scheme administration.

It is understood that it will not be possible to speak with community transport providers until after the CADEX board has met in August. In the meantime, however, we will assemble as much information about the schemes / services / funding from the authorities. In addition, it will be useful to talk with Buckinghamshire County Council officers about how community transport features within the wider picture of public transport and accessibility. Once the Board has met we will seek to set up a workshop involving community transport operators and other stakeholders, following which the rest of the study will continue.

We would anticipate much of the work being undertaken by the end of November 2007, coinciding with the publication of the new concessionary fares scheme.

## Cost

It is understood that the authorities have a set budget for this work. Consequently, we have suggested that we work on a fixed fee for the study, whereby we will provide all the aspects of the study outlined above for a set amount.

There is considerably more work involved in the concessionary fares aspects, and this is reflected in the figures:

Concessionary fares	£18,750 plus VAT
Dial-a-Ride	£9,600 plus VAT

Therefore, the total fixed fee will be **£28,350 (excluding VAT)**. This will include all staff costs, expenses, reporting costs and attendance at project progress meetings. We would anticipate invoicing this in two parts – half at the start of October 2007, and the rest on completion of this phase of the project (December 2007).

If the authorities (either individually or collectively) wish us to do additional work beyond the scope of the project as set out and discussed, this will be charged at the special 'blended rates' originally provided when we were asked to quote to carry out the work. Any work involving Peter Hardy alone will be charged at £600 per day plus VAT (inclusive of any travel costs). Work involving any other members of the team, or a mix of Peter and the rest of the team will be charged at £390 per day plus VAT (inclusive of travel costs). These daily rates will increase by 5% from 1<sup>st</sup> December 2007.

## Study Contact

Our main contact point is:

Peter Hardy  
Director  
JMP Consulting  
Latchford House  
Shenstone Business Park  
Lynn Lane  
Shenstone  
Staffordshire WS14 0SB

Tel: 01543 482360  
Fax: 01543 482399  
Mob: 07977 268250  
Email: [peter.hardy@jmp.co.uk](mailto:peter.hardy@jmp.co.uk)