

Consultation on Possible Changes to the Administration of Concessionary Fares

Response of Northampton Borough Council

Northampton borough Council welcomes the opportunity to contribute to the consultation on concessionary fares.

Question 1 – Are there other problems stemming from the current administrative arrangements that are not covered by this list?

The list given shows the main problems with the current arrangements for concessionary fares, the difficulty of accurately funding TCAs, capacity, and conflict problems being the most significant for this authority.

Question 2 – Do you think that the current level of administration is the most appropriate?

There are fundamental problems with the current system, which have been significant enough to lead to a review of the administration of concessionary fares and specifically this consultation. The problems to date indicate strongly that the current method of administration is not appropriate.

The main problem with this is where local districts have 'topped up' the statutory scheme, and it could be difficult to continue to offer the additional level of support should the administration arrangements change. However it should be possible for most authorities in this position to negotiate with their upper tier authority to continue to offer any additional service with appropriate payment.

If the scheme administration is to remain at district level, work needs to be done to amend the funding. Given the demand driven nature of the statutory scheme, it would be much better administered as a claim based grant, so that all authorities can be confident of full reimbursement, instead of some receiving a windfall and others struggling to cope with escalating costs of increasing demand.

For this reason, whichever option is taken, any changes to the distribution of funding need to be based on the amounts originally given to each authority as detailed in the CLG's 2005/06 formula grant exemplification tables.

Any change to funding should definitely **not** be based on expenditure levels in any way, as this would only serve to preserve the existing inadequacies of the funding distribution in perpetuity.

Question 3 – Do you think a system of 'higher-tier' administration would be the most appropriate?

Obviously in the current economic climate, efficiencies of any kind are highly desirable, and the economies of scale that this could deliver would be of benefit in that respect.

In addition, the reduction in the levels of negotiation, and the increased level of consistency in arrangements that is likely to result should also be beneficial to authorities and operators alike.

The suggestion that some county councils may choose to or be willing to subcontract some of the administration to districts is welcomed, and this should be encouraged. This suggestion that if districts were responsible for assessing the eligibility of applicants they might not 'properly control pass numbers' is unfounded. Provided an adequate SLA is agreed defining how the assessment should take place, there should be no issue here. This could also help in instances where a district wishes to fund a top up to the statutory scheme by not overcomplicating the administrative burden on the upper tier.

However, the examples given by the case studies may offer an alternative and potentially fairer model that builds on the strengths of the current system and the upper tier system. The Government could consider requiring upper and lower tier authorities to work in partnership, probably within county boundaries.

This could work under a similar pooled funding system to case study 1, with differing rates of demand and demand growth being a shared issue, rather than being the burden of a single under funded authority. That said, it must be acknowledged that some authorities work together better than others.

The transitional impacts of transferring funding to upper tier authorities is a crucial issue that needs to be addressed incorporating a full assessment of the financial impact that this would have on individual authorities. Failure to adequately address this issue could lead to materially greater dissatisfaction in changing the scheme than exists in the current system.

Question 4 – Do you think that a centrally administered statutory minimum concession would be most appropriate at this time?

Northampton Borough Council does not agree that a centrally administered concession is the most appropriate.

Despite the assertion that centralisation would remove all problems associated with accurately funding local authorities, this is not necessarily the case. As explained in the previous answer, if the method of removing the concessionary fares funding from local authorities is not appropriately undertaken, then these problems will remain.

While the efficiency argument may be sound, there is a very real risk, based on similar historic projects, that the set up and running of a new national administration structure could heavily outweigh any efficiency benefits derived.

Far more than the 'upper tier' solution, this would limit or remove the possibility of district funded top up schemes. It seems unlikely that a central administration would want to run a number of additional schemes that vary according to locality, and as indicated in the consultation paper, incorporating

all local schemes on a national basis would be prohibitive both financially and administratively.

Question 5 – Do you think a regional tier of administration might ultimately be most appropriate?

A regional approach is potentially more costly to set up than a centralised administration, as it would necessitate the creation of numerous regional offices.

The disadvantages otherwise are very similar to the centralisation option, and for this reason the authority does not believe that a regional approach is the most appropriate.

Question 6 – Are there any other options for administering the statutory minimum concession that are missing from this list?

The other possibility is, as mentioned above, to retain the district level (or move to county) administration, but amend the funding to a claimed grant.

Provided the method of recovering the funding from the districts is fair and reasonable this could address a number of the issues raised in the consultation.

Question 7 – Should all local authorities retain the ability to establish discretionary travels schemes using powers under the 1985 Transport Act, as now?

There is no reason to remove this power from district authorities.

There are other options for managing the administration of a local variant, provided the administration of concessionary fares is not moved to too high a tier of government. While it remains at county or district level, the discretion to adopt local schemes should remain. District (or upper tier, where appropriate) authorities will have to accept that there may be an additional cost to this if separate administration levels are needed. This would form part of the decision making information.

Question 8 – Should the ability to establish discretionary travels schemes using powers under the 1985 Transport Act be limited to upper tier authorities?

The authority does not agree that these powers should be limited to upper tier authorities.

It should be possible for districts to negotiate appropriate solutions for local people with their upper tier colleagues, and limit or prevent any reduction in concessions currently being received. Or, alternatively, district authorities could deliver the additional concessions themselves, although this is likely to be less efficient.

Question 9 – Should lower tier authorities ability to establish discretionary travel concessions using powers under the 1985 Transport Act be limited to circumstances where they had to act jointly with upper tier authorities only?

Given the current drive for efficiency, it would be a practical line to take to limit the powers to joint action. However, it is not particularly necessary.

Question 10 – Do you have any relevant data that could inform the cost/benefit estimates that will be used in the final impact assessment?

NBC does have data that could be useful in the impact assessment. In addition, we strongly advise that the formula grant exemplification used for the initial introduction of the statutory scheme is used a core piece of information in carrying out that analysis.

A summary of the authority's funding and cost data is appended to this consultation response.

Question 11 – Bearing in mind that there would be a separate consultation on funding implications of any changes to the administration of concessionary fares, are there any other issues around funding that are not considered here?

As there will be a separate consultation on funding issues, we would like to take this opportunity to raise some concerns in that regard now in order that they might be taken into account in preparing that consultation paper.

While we accept that it is not generally possible to identify how much formula grant is allocated to a local authority for a particular service, in this case it is possible to approximate the original contributions, and this is a key issue that is not considered here.

It is important that transfers of funding link very closely with the amount individual authorities received in the original allocation through the formula grant mechanism as illustrated in the CLG's 2005/06 formula grant changes exemplification tables.

Recent papers considered by the Settlement Working Group have focussed heavily on illustrating adjustments to formula grant based on the level of concessionary fares expenditure in each authority. However such an approach will embed the financial inadequacies of the current administration method, identified in the consultation paper as one of the key problems with the existing system, in the overall funding system.

For example, this authority originally received £1.09m according to the exemplification, and has had a minimal or floor increase in grant since then. This means that the most that could pragmatically be said to be in the formula grant at the end of 2008/09 is £1.165m. Recent exemplifications from SWG based on expenditure would remove at least £2.8m from our formula grant after floor damping on a permanent basis. This is clearly not appropriate.

As demand for concessionary fares in our district is rapidly increasing each year, and far outstripping any increases in funding, it is clear that adjusting funding on the basis of expenditure is inappropriate in this instance.

To the detriment of its citizens (due to the impact on other services), the council has been funding the local shortfall in Government funding for the statutory scheme caused by the inadequacies of the original funding distribution since its introduction. The current SWG proposals would lock the problems of that shortfall and its consequential impact on local people into the council's funding on a permanent basis. This is why it is so important that regard is had to the original exemplifications of what each authority has actually received.

Changes to funding will no doubt be the key bone of contention in any change of administration, but sufficient information is available to enable this to be done reasonably fairly, and methodologies based on expenditure level are fundamentally inappropriate.

In addition, if it is decided to use the expenditure figures (whether adjusted or not) to determine the level of change, it is essential that these are adjusted for the amount of specific grant funding that the authority receives in relation to concessionary fares, otherwise the formula grant impact is further distorted.