

## **CABINET – 25 JANUARY 2011**

### **OXFORDSHIRE CONCESSIONARY FARES SCHEME**

#### **Issuing of Concessionary Passes**

**Report by Deputy Director of Environment & Economy (Highways & Transport)**

#### **Introduction**

1. The report at Agenda Item 7(a) dealt with the wider principles and issues relating to transfer to County councils from 1 April 2011, of the statutory duty to issue concessionary passes free of charge, on request, to everybody eligible to receive one, and to reimburse bus companies for the lost revenue, and any costs they incur for all 'free' journeys made by concessionary passholders which start in Oxfordshire.
2. This report seeks approval to the practical arrangements to be put in place from April 2012 to ensure continuity of provision.

#### **Exemption from Call-in**

3. The Council's Constitution states that the Council's call-in procedure should not apply to any decision on the letting of a contract arising from termination of an existing contract if the time available is such that allowing for call-in would result in service discontinuity, provided that all members of the relevant Scrutiny Committee had been informed of the circumstances of the decision to be made and had had an opportunity to make representations to the decision maker about it. Since the County Council's duty to provide a concessionary fares scheme will come into effect on 1 April 2011, and existing District Council contracts to meet that duty will end on that date, the effect of any call-in would be to prevent introduction of any replacement contracts, thus resulting in cessation of any concessionary fares scheme in Oxfordshire and a consequent service discontinuity.

#### **Issuing of Concessionary Passes**

4. The County Council's statutory duty to issue concessionary passes will include making information available on how to apply; checking eligibility; processing applications; issuing a pass; reissuing when passes expire or become lost or damaged; 'stop-listing' passes which are no longer applicable and handling user enquiries. District Councils report that the volume of enquiries and requests for advice/information is very high – and it needs to be recognised

that, with 100,000 passholders in Oxfordshire, pass-issuing is a major logistical exercise. The passes themselves are required to be electronically encoded as smartcards, which requires specialist technical expertise.

5. District Councils currently carry out this role in different ways. South Oxfordshire and the Vale of White Horse jointly contract out the entire operation and users must apply by post and make any enquiries by phone to a call centre. Oxford City, by contrast, carries out the entire operation in-house, and applications can only be made in person to City offices, with enquiries handled either face-to-face or by the Council call centre. West Oxfordshire and Cherwell carry out most of the operation in house, with most applications being in person but the option of postal application available, with the final card-issuing is carried out remotely under contract and cards issued by post.
6. This role is seen as a good fit with the County Council's Customer Service Centre, and it is anticipated that from April 2012 it would be carried out in this way. However, the Centre is not yet sufficiently developed to efficiently take over this very major role and an interim arrangement is therefore required. The District Councils have therefore been approached to continue the role, with County Council funding, for an additional period of 1 year; all have agreed in principle and have quoted terms for doing so.
7. It is proposed that, while the County Council would retain responsibility for the overall scheme as Travel Concession Authority, the card issuing element of the scheme will be formally delegated separately to each District Council, who would retain discretion about how they carry out the role (but with a request that they make as little change as possible from their current arrangements). This will of course result in different parts of the county continuing to receive the card-issuing service in different ways for one year. However, it will mean that each area will have the same service as now and each user experiencing only one change, in April 2012 when the Customer Contact Centre takes over the role. District councils have also been asked to take on the role of handling public enquiries arising from pass issuing for this coming year, since this is often closely related.
8. There are a number of detailed issues, on which the District Councils will require formal advice from the County Council:

Life of cards: The maximum period which passes can be issued for is five years. Districts have generally adopted four or five year lives for their cards; and have generally made them renewable in the month of the cardholder's birthday, to spread the workload of reissuing evenly through the year. It is proposed that this continue and that cards to be issued by District Councils during 2011/12 should be valid until the first day of the month of the cardholder's birthday which falls between 4 and 5 years from the date of issue.

Issuer name and contact details: All concessionary passes are required to carry the name of the issuing authority, and a contact number for enquiries is strongly recommended. From 2012 the County Council expects to be the sole issuer, and to have its own enquiry line. Given that the County Council will be

the Authority responsible for Concessionary Travel (and that cards issued during 2011/12 will continue in use beyond that year), it is proposed that cards are issued with the Oxfordshire County Council name and Customer Service Centre contact number from 1 April 2011. It needs to be recognised that, as a proportion of enquiries will inevitably be about the card issuing process, it is likely that (at least some) enquiries will need to be relayed back to District Councils and that there will be different solutions how this is done which would have varying implications for customer service levels and cost. Annex 1 contains a fuller analysis of this issue. A decision will need to be made on funding and the type and extent of service the Council plans to offer, including the call transfer approach, in time for going live in April.

Charge for lost passes: The law requires that passes be issued free of charge on first application and when reissued upon expiry (or if faulty). It is recommended that a charge of £10 for is levied for replacement of lost passes; but that a stolen pass is replaced free of charge if the passholder is able to supply the appropriate crime reference number.

9. Options and costs for provision of the card-issuing service by the Customer Contact Centre from April 2012 are being explored, for reporting back at a later date. Since people in different areas of the county currently have different ways of applying, some users are likely to have to change their method of applying when a standardised system is introduced.

## **Financial and Staff Implications**

10. As stated in the report elsewhere on the agenda these are likely to be very significant: the cost of operating the Concessionary Fares scheme in Oxfordshire in 2010/11 is estimated at £8.71m, up from £7.48m in 2009/10, but despite a Government undertaking that, when responsibility for the scheme passed to county level, there would be an equivalent transfer of funding, the grant Oxfordshire is due to receive in 2011/12 (which is based on a formula applied to all Shire Counties), is only going to be £4.26m – potentially leaving a shortfall of £4.45m in 2011/12. Oxfordshire has been hit hardest nationally in this respect, with an overall reduction in grant (compared to current operating cost) of 51%, compared to the average of 23%.
11. The majority of the cost of the scheme lies in reimbursement to operators. Government guidance on this (issued in late November 2010), and the formula it includes, should result in a significantly reduced level of reimbursement to operators and therefore cost savings. The cost is also dependent upon whether bus companies are able to make justifiable claims for extra costs for provision of extra capacity for additional passengers generated – and the extent of such claims will not be known until at least February 2011.
12. For all of these reasons, the cost of reimbursement cannot be known with any precision at this stage – and may vary throughout the year due to changes in fares, numbers of trips made by passholders and so on, so the figure of £8.2m identified in the Council's budget setting process remains the best estimate of this cost. Although the revised DfT reimbursement calculator suggests there

would be a cost reduction, this cannot be guaranteed and in any event the final cost figure will be significantly higher than the Council is due to receive in grant. In addition, any savings from this could be offset by additional Council subsidy requirement to maintain existing services if these become more expensive to operate or are no longer able to be operated commercially.

13. Estimates have been received from District Councils for provision of a card-issuing service for 2011/12, which together add up to just over £400,000. In most cases these are based on assumptions about the number of applications received during the year, and could depend upon variations in this number.
14. There will be additional in-house costs to the County Council for: assessment of claims each month; negotiation with bus companies; a specific resource for handling any enquiries (as newly issued cards will have a county contact telephone number) and, most significantly, a staffing requirement (estimated at 3 FTE), for managing reimbursement and the scheme more generally. There will also be various other (relatively) minor consequential costs, such as smartcard licensing. These costs will need to be managed from within existing Council resources and are likely to mean prioritising work on this statutory responsibility over other activities. One member of staff is expected to transfer from Cherwell District Council under TUPE regulations.
15. The particularly unfavourable funding position on this scheme, coupled with the overall financial situation, means there is considerable pressure to reduce avoidable cost and, in this context, the cost of offering travel tokens (or alternatives) throughout Oxfordshire (which could be up to £700,000 per annum) would be very difficult to justify. However, the cost of permitting free travel on dial-a-ride in Oxfordshire (estimated as £100,000 per annum based on the current - albeit limited - service provision) is considered justifiable.

## **RECOMMENDATION**

### **16. The Cabinet is RECOMMENDED to:**

- a) **formally to delegate to each Oxfordshire District Council, under the terms of Section 2(b) of Article 10 of the Council's Constitution, the County Council's functions under Section 145(2) of the Transport Act 2000 [duty to issue concessionary passes], and associated powers, plus such of the powers under Section 93 of the Transport Act 1985 as may be necessary to issue additional passes or other concessions on a discretionary basis as agreed by the County Council; and agree appropriate funding payments to each district council – to include the cost of enquiry-handling as well as pass-issuing; for the period from 1 April 2011 until 31 March 2012;**
- b) **ask the District Councils to issue concessionary passes during 2011/12 in accordance with the principles set out in paragraph 8 of this report; and**

- c) agree the provision of a dedicated telephone enquiry resource at the Customer Service Centre to handle those enquiries which are directed to the County Council.**

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Background papers: summary of responses to consultation on discretionary enhancements – in Members Resource Centre

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Annex 1 – Issues for Handling Customer Enquiries

1. Putting an Oxfordshire County Council number on new cards is likely to increase the number of calls received by the Customer Service Centre. Generally it is possible to use existing call volumes, call length and associated admin time to predict staffing cost. Given the uncertainty over where customers are likely to call (county or district) from April 2011 onwards, it is difficult to predict call volumes and therefore costs. We could see large volumes of callers who perceive us to be the full administrators of the scheme and the right place to call about all enquiries related to concessionary fares, or we could see lower levels of 'accidental calls' as most people continue to contact the districts directly. We are therefore likely to need to determine an initial figure for staffing costs and be prepared to adjust the funding after go live based on actual data. Any under funding of this new function would impair the Customer Service Programmes ability to realise its agreed savings which are based on current and planned levels of activity.
2. It is clear though that the use of an OCC number and logo on cards will inevitably push up the number of contacts received by the county council relating to concessionary fares. It is likely that many calls will have to be transferred to districts and there is a danger that transferring calls after offering limited information and support could lower customer satisfaction and be a risk to the reputation and perception of service offered by the County Council. General principles and best practice is to direct customers to contact the staff that can fully answer their enquiry or request for services and to resolve as many calls as possible first time without the need to pass customers around or transfer them to external partners. Generally customers who call the county council in error are given the number of the external organisation they should call. In this specific case it would be better to transfer the caller onto the relevant district department directly, however when transferring calls in this way the county council will bear the cost of the ongoing leg of the call. With the possibility of high call volumes and the vast majority of these needing to be transferred on the costs of transferring calls directly could be significant.
3. It is important to be sure that we are offering the correct type and extent of service to customers calling OCC. Offering only the ability to answer general enquiries and then transferring all other types of calls could be perceived as offering a poor level of service as it is likely to mean that the vast majority of calls are passed on to the districts after little or no input from county council staff. If in addition to answering FAQs (general questions) it was decided that we would go further and answer questions about eligibility and process for each district, giving out applications and so forth; this would mean that only calls about open applications or lost cards would need to be transferred to districts. This would offer a far more coherent, fuller, and less confusing service to customers. It would however increase the length and cost of calls for OCC and duplicate elements of the funding that is being given to the districts to provide this service.