

## **NOTE FROM THE OFFICE OF THE DEPUTY PRIME MINISTER ON CONCESSIONARY BUS FARES**

**28 February 2006**

The Chancellor announced on 16 March an increase in the statutory entitlement for concessionary travel. This increase is from half-fare to free off-peak local bus travel with a free pass for pensioners and disabled people. This will take effect from April 2006. The Government is providing an extra £350million to local authorities for 2006/07 which will be sufficient in aggregate to cover the additional cost of providing free off-peak local bus travel.

The funding for these new responsibilities has been added to formula grant in line with a commitment to providing authorities with continued flexibility on the use of their resources. We consulted on the distribution of the additional money over the summer, and again in the context of the local government finance settlement for 2006-07 and 2007-08. In the Government's view, the settlement reflects the fairest way of sharing out the money. It takes account of factors that reflect support for the disabled and the needs of areas where take-up is likely to be highest. We listened carefully to all points made by those who responded to the consultation on our proposals and the settlement provides the framework for delivering effective local services.

So, from 1st April local authorities will be funded to provide free travel within their areas, but, of course, they will still have the freedom to support more generous scheme. Local authorities will continue to have the discretion to charge a fee for a pass that offers travel above the minimum entitlement to help fund such enhancements, as long as residents have the choice of a pass for the statutory minimum entitlement for free.

Responsibility for providing the concessionary travel schemes will continue with District, Unitary or, in metropolitan areas, Passenger Transport Executives. As with the current system, it will remain open to local authorities to work with neighbouring authorities to provide county or region-wide schemes. Local authorities can also just include specific cross-boundary routes in their scheme, for instance to the local hospital which may be outside the local authority boundary. It also remains open to offer additional scheme benefits. For example: travel tokens, travel in the morning peak or on other modes such as rail and trams, or the use of flexible transport services such as Dial-a-Ride.

A DfT survey, to be repeated this year, showed that 151 authorities in 2003 provided an additional enhanced scheme with a bigger coverage area or relaxation of peak time travel restrictions, over and above their standard scheme. However, it was common for a permit fee to be charged for the enhanced scheme. In cases where there was an enhanced scheme with a fee for the permit, the cost of an annual permit fee was, on average, around £40.