

Title of Report:	Review of the costs of the Blue Badge Improvement Scheme after the first year of operation
Report to be considered by:	Overview and Scrutiny Management Commission
Date of Meeting:	29 October 2013

Purpose of Report: To update members of the OSMC on the outcome of the review of the costs of the Blue Badge Improvement Scheme for the first full financial year of the new scheme.

Recommended Action: That the report be noted.

Key background documentation: Report to Council on 6 December 2011 "New Blue Badge Improvement Service" and report to Resource Management Working Group on 12 March 2013 "The Impact of the Blue Badge Improvement Service".

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Executive Report

1. Introduction

- 1.1 The Blue Badge scheme enables disabled persons to park on those areas of yellow lines where a loading ban is not in force. In West Berkshire Blue Badge holders may also park free of charge and without time limit in almost all of the Council's pay to park car parks.
- 1.2 Originally implemented in 1971 as an Orange Badge, the Blue Badge scheme had become increasingly subject to fraud as the cost of parking in the major urban areas increased and as a consequence the scheme was thoroughly reviewed by the government in 2010. The review culminated in the implementation of the Blue Badge Improvement Service (BBIS) on 1 January 2012.
- 1.3 The implementation of the BBIS placed additional duties and responsibilities on those local authorities who administer the Blue Badge scheme. This included, from 1 April 2012, the introduction of Independent Mobility Assessments. These are used where an application is deemed to be "border-line" between approval and rejection and the expertise of an Occupational Therapist is needed to determine such applications. Coinciding with the implementation of the BBIS was the introduction of a new style of Blue Badge incorporating many of the latest security printing techniques making the badges extremely difficult to copy. A contractor (Northgate) was appointed by the Department for Transport (DfT) to print and issue the Blue Badges and the contractor charges Councils £4.60 for every Blue Badge issued.
- 1.4 The BBIS allowed all local authorities who issue Blue Badges to review the application fee charged to applicants and under the BBIS proposals local authorities could charge up to a maximum fee of £10.00. The Blue Badge fee had stood at £2.00 since 1971 and the modest income generated contributed to the running costs of the scheme. However, with the contractor that makes and issues the Blue Badges charging £4.60 per badge; and the requirement to pay for an Occupational Therapist to conduct Independent Mobility Assessments, the Blue Badge application fee had to be reviewed.
- 1.5 On 6 December 2011 the Council agreed to set the Blue Badge application fee at £10.00 from 1 January 2012 and retain this fee for the duration of the five year sub-agreement between the Council and Northgate, but agreed to review the costs involved in the scheme after it had been in operation for a year. This report provides the results of the review. As the Independent Mobility Assessments were not introduced until 1 April 2012 the review was slightly delayed and covers the costs of the BBIS for the financial year from 1 April 2012 to 31 March 2013.

2. Factors Considered

(a) Administering the Blue Badge Improvement Service

- 2.1 The Blue Badge Team moved from Social Services to Highways and Transport in January 2011 and at the point of transfer it was comprised of two part-time officers who worked a combined total of 48¾ hours per week. Following the implementation of the BBIS and the increase in both the complexity of the Blue Badge application system and the attendant increase in the level of work involved in administering the

scheme, one of the officers had her hours of work increased by 4¾ hours each week, providing a resource of 53½ per week. This proved insufficient to fully cope with the increase in work load and to prevent an unacceptable delay in processing Blue Badge applications so a part-time Parking Officer working 18½ hours each week was relocated to provide assistance. This brought the resources available in the Blue Badge Team to 72 hours each week. One of the officers is now on Maternity Leave and a fixed term appointment has been made to provide cover, with the fixed term appointment ending on 31 January 2014. The officer providing this cover is working the same number of hours as the officer who is on maternity leave was. The cost of the officers administering the Blue Badge Improvement Scheme (BBIS) for the financial year 2013/14 is £47,000.

- 2.2 Each Blue Badge application must be recorded on the Council's RAISE system, which captures information relating to Social Care cases in West Berkshire. The details relating to a successful application for a Blue Badge are also entered on the Northgate system and the salient details are passed to them. Before the Blue Badge application is processed the Northgate system makes cross checks with information held on other government databases to ensure the veracity of the applicant's details. Attempts have been made to see if there can be any cross-communication between the RAISE and Northgate systems to remove the duplication of time and effort, but both systems have very robust security features that preclude such action.
- 2.3 The Council currently has some 6,000 Blue Badges issued, with each badge valid for three years. On average the Council issues about 1,800 Blue Badges per annum and the analysis of the Blue Badges issued in 2012/13 is shown at Appendix A. Once an application has been approved the Council sends the details to Northgate, who issues the Blue Badge to the successful applicant. The contract between the DfT and Northgate is for five years and Northgate charges local authorities £4.60 plus VAT for each Blue Badge issued, with the Council able to reclaim the VAT element.
- 2.4 The Council received a representation from the Tadley and District Citizen's Advice Bureau expressing the view that the blue badge application form is rather complicated. The form we use is the model form produced by the Department for Transport (DfT) but some local authorities have produced their own more user friendly versions. Consequently we are also intending to produce a simpler form to assist our customers and to demonstrate our willingness to listen to what they say.
- 2.5 The Council incurs administrative costs as every Blue Badge application, both first time applications and applications to renew a Blue Badge, must be carefully checked to ensure that applicant meets the qualifying criteria. The fee of £10.00 is only paid when an application is successful and some Blue Badge applications are unsuccessful. However each of these unsuccessful applications receives the same amount of time and effort and in some cases the decision not to issue a Blue Badge may only be taken after an Independent Mobility Assessment. The Independent Mobility Assessments for these unsuccessful applications are undertaken without any of the expenditure being recovered as the unsuccessful applicants have their fee returned.

(b) Independent Mobility Assessments

- 2.6 Every Blue Badge application is initially assessed using a desktop model and scoring matrix provided by the DfT. This assessment uses the information gleaned from the application and the information is used to determine a score for each facet of the eligibility criteria, which then determines if the application meets the required total score for a badge to be issued. Since the applicant is not seen in person at this stage, the desk-based assessment relies heavily on the applicant providing accurate and detailed replies to the questions in the application form. The questions are designed to enable the applicant to provide information about themselves; their disability; any medical conditions they experience; and their ability to walk. Where an applicant has a permanent and substantial disability, the Council's eligibility decision is based on whether they are unable to walk or have very considerable difficulty walking. The decision is not based on the presence or absence of any particular diagnosis or condition.
- 2.7 Whilst the desk-based assessments have a role as a filtering mechanism to identify applicants who are clearly eligible or clearly ineligible for a badge, they cannot be successfully used in all cases as the sole means of determining all applicants' eligibility for a badge. Where the desktop assessment results in the applicant being "eligible, but subject to further assessment" the Council refers the applicant for an Independent Mobility Assessment (IMA), where an Occupational Therapist determines if a Blue Badge should be issued based upon the information provided by the applicant. The applicant will be asked by the Occupational Therapist to clarify or confirm information, or to provide additional information wherever necessary.
- 2.8 At the inception of the BBIS the Blue Badge team initially sought an in-house resource for the Independent Mobility Assessment (IMA) service, but was advised that none was available. After unsuccessful approaches to both the company that provides the Occupational Health Service for the Council and to Berkshire NHS, an independent Occupational Therapist was eventually obtained. In the financial year from 1 April 2012 to 31 March 2013 some 81 Blue Badge applicants were referred for an IMA. Of this total 30 applicants were approved for a Blue Badge and a £10.00 fee was paid to mitigate the costs of the administration and the IMA; 47 applicants were unsuccessful where no Blue Badge application fee was paid, but the administration costs and the costs of an IMA were still incurred; and 4 applicants failed to attend leaving the Council with the costs of administering the application to that point. The costs paid by the Council for the IMA service for 2012/13 was £5,934.52 and the details can be found at Appendix B.

(c) The Blue Badge Fee

- 2.9 As mentioned in 1.5 above the Council, at its meeting on 6 December 2011, set the Blue Badge fee at £10.00, to operate from 1 January 2012 upon the implementation of BBIS. In preparing this review of the BBIS the other two alternative fee options originally considered and rejected at the Council meeting have been re-considered now that the data is available for the full financial year 2012/13. There were 1,868 Blue Badges issued in 2012/13 and the calculations below are based on this figure. The Council pays Northgate a £4.60 fee per issued Blue Badge and in 2012/13 this amounted to £8,592.80. In addition there were 3 applications for which additional postage was payable to fast track delivery of the Blue Badge. Also a payment of £3,040.00 was paid for our subscription to the Assisted Interview software for the duration of the contact, which enables our Blue

Badge team to provide immediate help to applicants who find the application form difficult to understand. The total amount paid to Northgate in 2012/13 was £11,640.15 (Appendix A refers).

- 2.10 The first alternative option was to retain the old £2.00 fee that had operated since 1971. This would have generated Blue Badge application fee income of £3,736 and would have led to a budget deficit of £7,904.15 from the Northgate facet of the Blue Badge service alone. If the £5,934.52 cost of the Independent Mobility Assessment (IMA) service is added the total operational deficit of retaining the old £2.00 fee would therefore have been £13,838.67 in 2012/13. This is a budget pressure that cannot be justified.
- 2.11 The second alternative option was to set the Blue Badge fee at £6.60, which was the old Blue Badge fee of £2.00 plus the £4.60 fee now charged by Northgate. This would have generated Blue Badge application fee income of £12,328.80 and have led to a total operational budget deficit of £5,245.87 after meeting the costs of paying the Northgate and IMA service costs in 2012/13. This is also a budget pressure that cannot be justified.
- 2.12 The approved £10.00 fee that the Council charges for a Blue Badge generated a small surplus of £1,105.33 in 2012/13. None of the calculations in this section of the report take account of the costs of the Council's Blue Badge officers employed in administering the service. This is because they are part of the Parking teams revenue funded establishment. However section 2.1 of this report indicates that the cost of these officers for the current financial year 2013/14 is £47,000. It is clear therefore that if these costs are taken into account there will be a total operational deficit with the current Blue Badge fee of about £46,000 and there would be higher total operational deficits with the lower fee alternative options in the current financial year if the number of Blue Badges processed remains about the same.

3. Financial Implications

- 3.1 It will be seen from 2.8 to 2.11 above that any reduction in the Blue Badge fee from the current charge of £10.00 will result in an income reduction that cannot be justified when only taking the operational costs into consideration. If staff costs are taken into account the costs outstrip income by even more. With the current £10.00 fee a small surplus is generated but this also becomes a substantial deficit if staff costs are included. The £10.00 fee is charged only to successful applicants, but it has been shown within this report that equal amounts of resources are spent on processing unsuccessful Blue Badge applications and there is no income received to mitigate the expenditure as no fee is charged to unsuccessful Blue Badge applicants. Unfortunately the Council is not permitted to charge a higher fee than the £10.00 maximum set by central government but this review has clearly demonstrated that there are no grounds for reducing the current fee and that it is entirely appropriate to retain this fee throughout the term of the contract between the DfT and Northgate, which expires on 31 December 2017.

4. Conclusions

- 4.1 To coincide with the implementation of the Blue Badge Improvement Service (BBIS) on 1 January 2012 the Council resolved, at its meeting on 6 December 2011, to increase the Blue Badge application fee from £2.00 to £10.00. The Department for Transport (DfT) has appointed the contractor Northgate to

manufacture and issue Blue Badges to successful applicants and Northgate charges local authorities £4.60 for each Blue Badge issued. The implementation of the BBIS from 1 January 2012 also introduced the need for some applicants to be referred for an Independent Mobility Assessment (IMA). In 2012/13 the total cost of the payments to Northgate and to the IMA was some £17,575. In the same period income from Blue Badge application fees was only nominally above this figure without taking into account the costs of the Council staff administering the BBIS. If these staff costs are taken into account there is a deficit of some £46,000.

- 4.2 When the Council agreed to set the Blue Badge application fee at £10.00 and retain this fee for the duration of the five year sub-agreement with Northgate it also resolved that the costs involved in the scheme should be reviewed after it had been in operation for a year. This report provides the results of the review and demonstrates that the existing Blue Badge fee of £10.00 is reasonable and appropriate. Consequently the decision to retain the £10.00 fee for the duration of the 5 year sub-agreement between the Council and Northgate that commenced on 1 January 2012 is fully justified.

Appendices

Appendix A - Blue Badges Issued in 2012/13

Appendix B - Independent Mobility Assessment Spend 2012/13

Consultees

Local Stakeholders: Not applicable.

Officers Consulted: Mark Edwards; Mark Cole

Trade Union: Not applicable