

Brighton & Hove City Council

Cabinet

Agenda Item 185

Subject: Investing in subsidised bus travel

Date of meeting: Thursday, 14 May 2026

Report of: Cabinet Member for Transport & City Infrastructure

Lead Officer: Name: Corporate Director- Operations

Contact Officer: Name: Paul Nicholls

Email: paul.nicholls@brighton-hove.gov.uk

Ward(s) affected: (All Wards);

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

1. Purpose of the report and policy context

1.1 This report updates Cabinet on negotiations with bus operators in the city for fixed deals to cover the cost of concessionary fare journeys made by eligible older persons and disabled concessionary pass holders for 2026-27. The Council is investing an additional £1.5m in providing free bus travel to aged and disabled bus pass holders. This includes free bus travel outside of the statutory minimum hours of the scheme.

1.2 The policies which this report seek to promote are:

- promote and improve health and wellbeing, to reduce health inequalities, and to support people to live independent and fulfilling lives.
- a city to be proud of making it easier to move around the city.

2. Recommendations

2.1 Cabinet notes the progress of negotiations on concessionary fares payments with bus operators and agrees to the payment of the fixed deals as set out in Part 2 of this report.

2.2 Cabinet confirms the delegated authority granted to the Corporate Director City Operations on 20 March 2025 to conduct and conclude negotiations with all bus operators for the reimbursement of concessionary fares so that expenditure is less than would be otherwise be calculated using the new DfT Calculator.

3. Context and background information

- 3.1 The Council has a statutory duty to reimburse bus operators for Concessionary Travel undertaken by older people and eligible disabled pass holders. There are over 42,000 pass holders in Brighton & Hove of which 7,000 are issued to qualifying disabled residents
- 3.2 In November 2023 the DfT produced guidance on the new DfT Calculator to calculate concessionary fares reimbursement to bus operators. Use of the new DfT calculator is not mandatory as the Council is still able to enter into fixed deal arrangements provided that both parties can agree on an annual sum to be paid for concessionary fares on the principle of 'no better or worse off'.
- 3.3 On 20 March 2025 Cabinet agreed to the use of negotiated fixed deals as the preferred option for the next 3 years with all bus operators for the reimbursement of concessionary fares and granted delegated authority to the Corporate Director for City Services to conduct and conclude such negotiations so that expenditure is less than would otherwise be calculated using the new DfT calculator.
- 3.4 In 2025/26, concessionary travel costs for Brighton & Hove buses were around £10m. This was significantly reduced by our agreement to direct a substantial amount of BSIP grant funding into express bus services over two financial years
- 3.5 Under the revised Government formula, costs for 26/27 could have increased to between £12.0m and £12.5m. Instead, we have negotiated a fixed deal for 2026/27 of approximately £11.3m with Brighton & Hove Buses, subject to approval. Without a fixed deal, payments would automatically default to the Government formula based on passenger journeys. Our data analysis suggests this would be around £12.0m, while the bus operators estimate it would be closer to £12.5m. The negotiation has involved some additional funding going into express bus services while also ensuring we focus on bus priority feasibility studies in key areas such as Woodingdean in 2026-27.
- 3.6 Concessionary passenger numbers have increased by up to 16% this year following a rise of up to 10% last year adding to budgetary pressures. The council issues 2,500 new older passes annually. This number is expected to halve over the next two years due to the phased increase in the state pension age from 66 to 67 from April 2026.
- 3.7 The Council's concessionary fares scheme operates for additional hours compared to the statutory scheme. The Council continues to fund these discretionary elements to support disabled users and older people beyond the statutory requirements. This requires approximately £0.2m of additional funding which would have otherwise reduced the costs of the fixed deal. The additional hours are as follows:

	Weekdays	Weekends and bank holidays
Statutory minimum scheme hours	9.30am to 11pm	All day
Brighton & Hove – Disabled	All day	All day
Brighton & Hove – Older Persons	9am to 3:59am	All day

4. Analysis and consideration of alternative options

- 4.1 The Council has a statutory duty to reimburse bus operators. The option of paying operators using the DfT calculator rates was considered but discounted for the reasons explained in this report

5. Community engagement and consultation

- 5.1 No consultation was undertaken as part of the Concessionary Fares negotiations.

6. Financial implications

- 6.1 The approved budget for all concessionary fares in 2026/27 is £11.0m. Due to additional cost pressures, there is an estimated forecast pressure of £1.5m within the City Infrastructure budget for 2026/27.
- 6.2 To address this, the forecast budget position for 2026/27 includes £1.5m in savings that Cabinet is asked to note and approve. These measures are:
- £0.1m from extra Bikeshare income following a review of accounting treatment,
 - £0.6m from a budget realignment within parking for a budget previously allocated for borrowing but no longer required
 - £0.2m in potential savings linked to fraud thresholds in concessionary travel contracts, which may reduce payments if triggered.
 - £0.1m from parking staffing underspends due to vacancies early in the year,
 - £0.1m from prudent underspending assumptions in coast protection linked to the beach groynes capital programme,
 - £0.1m from late-night parking enforcement income exceeding MTFS targets after costs,
 - £0.2m from continued over-performance of table and chair income, and
 - £0.1m from flood risk management staffing underspends caused by ongoing vacancies.
- 6.3 Collectively, at this stage these actions are expected to be achievable. These additional savings will be monitored alongside those approved in the budget paper for 2026/27.
- 6.4 This scenario marks a considerable improvement compared to the previously anticipated £2.5 million pressure based on bus operators' estimates. It reflects the effects of fixed contractual arrangements totaling £12.5 million and robust negotiations, especially with Brighton & Hove Bus Company.

Name of finance officer consulted: Craig Garoghan

Date consulted: 24/04/2026

7. Legal implications

- 7.1 The Council operates its concessionary fares scheme in accordance with the Transport Acts 1985 and 2000, the Travel Concession (Eligibility) Act 2002, the Concessionary Bus Travel Act 2007 and the Mandatory Travel Concession (England) Regulations 2011. The provision of a concessionary travel scheme in accordance with the national minimum is a statutory duty. There is discretion for councils to provide a scheme that extends the entitlement of services over and above the national minimum. The statutory framework for travel concessions does not stipulate a minimum or maximum duration for an individual scheme. It is for the travel concession authority (i.e. the Council) to propose a start and end date, and to seek agreement with the bus operator over the length of this term.

Name of lawyer consulted: David Fairfield Date consulted 9/4/2026

8. Risk implications

- 8.1 There is a risk the concessionary passes can be misused to obtain free bus by people other than the passholder. Officers have been working with Brighton & Hove buses to identify misuse and retain cancelled or misused passes.

9. Equalities implications

- 9.1 Concessionary travel passes help passholders access services throughout the city and live independent lives, particularly those without a private vehicle.

10. Sustainability implications

- 10.1 The provision of concessionary travel passes encourages older person and disabled pass holders to use the bus rather than their own vehicles, reducing congestion and per capita emissions of pollutants and carbon.

11. Health and Wellbeing Implications:

- 11.1 The provision of concessionary travel passes support older person and disabled pass holders to be more active and supports their wellbeing through increased social interaction particularly if they don't have private means of transport

12. Conclusion

- 12.1 The fixed deal offers that have been accepted by bus operators for concessionary fares payment in the city for 2026-27 are considered to be reasonable and meet the principles of 'no better no worse off' for the operator.

Supporting Documentation

None