FINANCE CABINET MEMBER MEETING	Agenda Item 45 Brighton & Hove City Council

Subject:		**Concessionary Fares Scheme**		
Date of Meeting:		**6 November 2008**		
Report of:		**Director of Finance and Resources** **Director of Environment**		
Contact Officer:	Name:	**Mark Ireland**	**Tel:**	**29-1240**
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Key Decision:	Yes	Forward Plan No.FIN6199		
Wards Affected:	All			

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 The Council has been a member of the county-wide Concessionary Fares Scheme. In the past discretionary schemes have been operated by Councils within East Sussex which also allowed travel within the County. A full national scheme of free travel for the over 60s was introduced from 1 April 2008.

1.2 The purpose of the report is to consider the advantages of withdrawing from the county-wide scheme.

1.3 The proposal to withdraw from the County wide scheme in no way changes any part of the scheme for eligible members of the public.

2. RECOMMENDATIONS:

2.1 (1) To formally notify East Sussex County Council (and other members of the scheme) of Brighton and Hove City Council's withdrawal from the East Sussex Concessionary Fares Scheme effective from 31 March 2009.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The City Council is a member of the Sussex Countywide Concessionary Fares Scheme. This provided advantages in terms of shared administration and cross Council co-ordination so that eligible members of the public could travel by bus anywhere within the County.

3.2 From 1 April 2006, the Government introduced a national scheme allowing free travel within a Council area for all those over 60 and eligible disabled people.

3.3 From 1 April 2008, the Government extended the national scheme to extend free travel by bus nationally and not just within a Council area.

3.4 Some of the cross County advantages of being in a countywide scheme have reduced as all those eligible have a right to free bus travel across the whole of England.

3.5 The potential advantages of withdrawing from the scheme include:

- A simpler model for reimbursing bus companies. The countywide model is necessarily complex in coping with bus services operating in rural, town and city areas all over the County. This involves a number of bus operators in the Brighton and Hove area, namely: Brighton and Hove Bus Company, Stagecoach, Metrobus and Countryline. After withdrawing from the countywide scheme a better model reflecting the local circumstances of operating the concession on bus services within the City can be developed which more accurately reflects the real additional costs / loss of income incurred by the bus companies and will provide the council with a stronger defence from future bus company appeals and assist in lobbying the Government for additional funding.

- The structure of the national scheme and funding arrangements are under review and a consultation paper will be issued by the Government shortly, covering options for fundamental changes in 2011/12. However, the impact of any changes to the scheme by the Government are uncertain, the Council will be in a better position to protect its financial position if it is able to close the gap between the cost of the scheme and grant funding which is a key corporate priority.

- There would be advantages to the council of having direct negotiations with bus operators, particularly the Brighton & Hove Bus Company, enabling the links to be made with investment in the local bus partnership and supported bus routes.

- Improved information on journey numbers and fares which currently takes some time to receive due to the complexity of collating and verifying data across the County.

- The Council would be in control of its own destiny – currently, although the Council meets 40% of the scheme it only has 8% of the voting rights.

3.6 There are also other impacts of withdrawing from the scheme which include:

- The loss of administrative savings but these are very small (0.2%) in comparison to the cost of the scheme.

- The administrative costs met by the City Council will be spread over other councils at an extra cost of about £2,000 per council.

- The withdrawal from the scheme may require a negotiated re-balancing of funding to the bus company between the concessionary fares scheme and supported bus routes. It should be noted that there may be other negotiations over supported routes not associated with this matter.

3.7 **It must be noted that the proposal to withdraw from the countywide scheme in no way changes free bus travel to eligible members of the public. The changes are administrative and a re-balancing of funding to the bus operators.**

3.8 On balance, the potential advantages of withdrawal from the scheme outweigh the potential disadvantages.

3.9 If it is agreed to withdraw from the County-wide scheme a number of actions will need to be put in place:

- New administrative arrangements will need to be procured and implemented in time for 1 April 2009.
- A draft reimbursement scheme for 2009/10 will need to be published by 1 December 2008.
- Negotiations with the bus company will need to take place between 1 December 2008 and the publication of the final scheme on 3 March 2009.

3.10 Project management arrangements are in place to assist the Council in meeting these demanding targets. A project board, chaired by the Director of Finance and Resources is in place to manage any change resulting from the decision.

3.11 There are no proposals to change budget accountability for the concessionary fares scheme.

4. CONSULTATION

4.1 Formal consultation will be undertaken on the draft reimbursement scheme due to be published by 1 December 2008.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 These have been addressed in the report and provision to meet the small additional administrative costs has been made in the concessionary fares budget.

Finance Officer Consulted: Mark Ireland Date: 28/10/2008

Legal Implications:

5.2 The functions of the council regarding travel concessions are delegated to the Director of Finance & Resources. However, given the potential transport implications, it is considered that the proposals should be agreed by the Cabinet Member for Finance and the Cabinet Member for Environment at a joint meeting.

5.3 The proposals are consistent with the Council's fiduciary duties and the law governing concessionary bus passes. The implementation of the proposals need to take into account any legal requirements regarding the termination of existing agreements and the necessary consultation before introducing a new scheme.

Lawyer Consulted: *Abraham Ghebre-Ghiorghis* *Date: 28/10/08*

Equalities Implications:

5.4 As the scheme is not changing for members of the public no equalities impact assessment is necessary. The withdrawal from the countywide scheme involves administrative changes and changes in the financial arrangements between the Council and the bus company.

Sustainability Implications:

5.5 As the scheme is not changing there are no changes in sustainability of the scheme.

Crime & Disorder Implications:

5.6 None.

Risk and Opportunity Management Implications:

5.7 There are a number of risks with the proposal including:

- Negotiations with operators resulting in additional cost.
- Uncertainty over the Government's proposals for changing the concessionary fares scheme.
- Our ability to put administrative arrangements in place on time.

Project management has been put in place to manage the risks within the control of the Council. The Project Manager has prepared a risk assessment and controls to mitigate those risks.

Corporate / Citywide Implications:

5.8 It cannot be emphasised enough that the members of the public eligible under the scheme should not see any difference in its arrangements.

6. EVALUATION OF ANY ALTERNATIVE OPTIONS

6.1 As described in the report, on balance, the potential advantages of withdrawal from the scheme outweigh the potential disadvantages.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 The council is required to secure value for money in the use of its resources which also supports one of its five corporate priorities: "Making better use of public money". The advantages and disadvantages of withdrawing from the countywide scheme are put forward for consideration in this context.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None