

<b>DECISION-MAKER:</b>	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
<b>SUBJECT:</b>	CONCESSIONARY FARES REIMBURSEMENT RATE FOR 2012/13
<b>DATE OF DECISION:</b>	13 FEBRUARY 2012
<b>REPORT OF:</b>	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
<b>STATEMENT OF CONFIDENTIALITY</b>	
None.	

### **BRIEF SUMMARY**

This report seeks agreement to the proposed reimbursement rate to be paid to bus operators for revenue forgone as a result of participation in the Council's Concessionary Fares scheme. The report also seeks agreement to publishing the final details of the Concessionary Fares Scheme for 2012/13

### **RECOMMENDATIONS:**

- (i) To reimburse operators at a rate of 48.0p in the £, plus 6.7p per generated journey in accordance with the guidance given by the Department for Transport (DfT);
- (ii) To introduce an administration payment of 0.2p for each journey undertaken on the scheme to cover operator administration costs;
- (iii) To retain the ticket types used in the calculation of the average fare to include day tickets, carnet (multi-trip), single and returns as per the guidance issued by the DfT;
- (iv) To delegate authority to the Head of Planning and Sustainability to enter into arrangements with some smaller operators to agree reimbursement at a fixed rate in accordance with the revised DfT guidance for 2012/13;
- (v) To delegate authority to the Head of Planning and Sustainability in consultation with the Head of Finance and the Executive Director of Corporate Services following consultation with the Cabinet Members for Environment and Transport and Leisure, Culture and Resources to make any necessary variations or changes for 2012/13 year scheme arising from the outstanding appeal to take any action necessary to give effect to the recommendations including but not limited to the service of statutory Notices (including Variation and Participation Notices) and participation in and determination of any appeal against the proposed Concessionary Fares Scheme or reimbursement arrangements for 2012/13; and
- (vi) To delegate authority to the Head of Planning and Sustainability in consultation with the Director of Corporate Services following consultation with the Cabinet Members for Environment and Transport and Leisure, Culture and Resources to consider any operators claim for additional capacity and capital costs subject to overall affordability.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. To enable the Council to comply with the statutory requirement to serve bus operators with minimum 28 days notice of the reimbursement arrangements to be used during 2012/13.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. It is a statutory requirement that the Council has to publish details of its proposed reimbursement calculation in advance of the scheme introduction, so the only options that could be considered are to vary the level of generation factor employed, or the level of additional costs allowed, or the proportion of non-single journeys included in the calculations. The first two of these factors have been assessed in the light of the adjudication in February 2010 received from the Secretary of State and the contents of the Guidance issued by the Department for Transport (DfT) in 2011 for use in 2012/13.

## **DETAIL (Including consultation carried out)**

3. The concessionary fares scheme for 2012/13 will be the same as the scheme in 2011/12 in accordance with the requirements of the Transport Act 2000. The Council is required by law to advise bus operators 28 days before the start of the scheme what the reimbursement arrangements will be. Bus operators then have 56 days from the start of the scheme to appeal to the Secretary of State on the proposed reimbursement arrangements. In the 2011/12 year the Council received 1 appeal, which has not been determined by the Secretary of State so far, so at present it is not possible to incorporate any recommendations in the reimbursement arrangements for 2012/13 although it maybe possible that a determination will be made prior to this decision.
4. The DfT have issued revised reimbursement guidance for 2012/13 designed to more accurately reimburse bus operators. The City Council have chosen to use this methodology. Using this guidance the proposed reimbursement rate is 48.0p in the £, a slight increase on the 47.6p in the £ in 2011/12. The guidance also recommends reducing the figure per generated trip where at present operators receive 7.5p (around two thirds of trips are generated). The new figure will be 6.7p per generated trip. The other change is that a request has been made by one of the main operators that an administration payment of 0.2p be made to operators for each journey undertaken on the scheme to cover their administration costs and it is proposed to include this.
5. The Council has consulted with bus companies about the scheme for 2012/13 and they have again expressed serious concerns at the Councils proposals but the Council believes that this is in line with the concept of no better or no worse off. The bus operators do not believe that the new guidance issued by DfT is any more suitable than the previous guidance and they may appeal to the Secretary of State (SoS).

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

6. The cost of the scheme in 2012/13 is forecast to be accommodated within the budget of £4,605,200. However, this is subject to increases in bus fares not

being above the predicted level of inflation. One operator has lodged an appeal against the 2011/12 scheme with the Secretary of State (SoS) and this has not been determined yet. The Council has also received a claim for additional capacity costs for 2011/12 from one operator which is being worked through but the final figure is not known yet. It is very likely a further claim will be made in 2012/13 for additional capacity costs which would need to be funded from within the budget.

**Property/Other**

7. There are no property implications.

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

8. Concessionary fares are governed by the Transport Acts of 1985 and 2000, and the Concessionary Fares Act of 2007. If it is agreed that in the future, no enhancements over and above the statutory minimum will be offered, then the 1985 Act does not apply.

**Other Legal Implications:**

9. The provision of a concessionary travel scheme in accordance with the national minimum is a statutory duty. A discretionary power exists to provide a scheme that extends entitlement of services over and above the national minimum. Any scheme must be made having regard to the Human Rights Act 1998 (with which any national minimum scheme will be deemed to comply). Statutory notice of the amendments to the 2012 scheme were given by 1 December 2011 and any representations received in accordance with this Notice were considered and are hereby determined in accordance with the Act and Regulations. Regard must also be had to the DfT guidance on reimbursement of operators issued with respect the 2012/13 operating year.

**POLICY FRAMEWORK IMPLICATIONS**

10. The provision of concessionary travel accords with the policy direction of the City's adopted Local Transport Plan 3 by helping the Council meet its targets for increasing the use of sustainable transport modes (and bus travel in particular) and also increasing accessibility and promoting social inclusion.

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**KEY DECISION?** YES

<b>WARDS/COMMUNITIES AFFECTED:</b>	ALL
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

1.	Scheme details
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**Documents In Members' Rooms**

1.	None
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**Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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**Other Background Documents**

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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