

RECORD OF EXECUTIVE DECISION

Tuesday, 14 March 2023

Decision No: (CAB 22/23 36263)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Transport and District Regeneration
SUBJECT:	2023/24 Concessionary Fares Scheme
AUTHOR:	Iain Steane

THE DECISION

- (i) That Cabinet agrees to the 2023/24 Concessionary Fare Methodology to reimburse bus operators in line with the Department for Transport Concessionary Fares Guidance and forecast to cost £0.06M less than budget, as detailed in Appendix 1.
- (ii) That Cabinet agrees the local enhancements above the statutory minimum, which is to allow concessionary travel from 0900 rather than 0930 and between 2300 and 0030 for Southampton residents.
- (iii) That Cabinet agrees the adjustment to the 2022/23 Concessionary Fare Methodology at the cost of £0.21M and payments are as detailed in Appendix 3.
- (iv) That Cabinet notes that the 2022/23 methodology adjustment goes beyond Essential Spend and to note the considerable financial challenges the authority faces as set out in the 2023/24 budget report and Medium Term Financial Strategy (MTFS) agreed by Council on 22 February 2023, in particular the comments of the S151 Officer on the major risks faced and the inadequacy of reserves. Cabinet is therefore urged to carefully consider very carefully any and all extra spending prior to making any commitment. The budget challenge is set out in paragraphs 38 and 39.

REASONS FOR THE DECISION

1. To enable the Council to comply with the statutory requirement to serve bus operators with the minimum 28 days' notice of the local enhancements and the reimbursement rate that the Council will use.
2. The Concessionary Fare Scheme for 2023/24 needs to be approved prior to the commencement of the Scheme on 1st April 2023. The Methodology needs to reflect the latest DfT guidance on the level of support given to bus operators in the recovery from the Covid pandemic.
3. The Concessionary Fare Methodology for 2022/23 which was approved by Cabinet in July 2022, needs to be adjusted to reflect the slower than anticipated recovery in the number of concessionary fare travellers from the

Covid pandemic and inflationary pressures that operators are experiencing, both of which could affect the stability of the bus network in Southampton. The Scheme will remain unaltered.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. The Council could withdraw the local enhancements that are offered to City residents, but this is likely to achieve little saving as most passengers would just travel 30 minutes later in the morning once free travel is allowed.
2. For 2023/24 Methodology other options considered include:
 - Reimburse operators on rates higher, closer to pre-pandemic levels of patronage (i.e. at 85-98% of adjusted patronage baseline) to reflect the bus mileage carried out by operators, or
 - Pay based on actuals (the level of concessionary patronage carried).

Both options have been rejected as reimbursing at higher rates would place a significant pressure on the Council's budget and paying on actuals would not provide the operators will sufficient reimbursement given higher inflationary pressures (e.g. fuel and driver costs) to maintain and invest in a sustainable bus network. There is a risk that the funding would not be re-invested into the bus network and that this would incur additional costs to the Council to support any withdrawn services.

3. For 2022/23 Methodology other options considered include:
 - Retain the existing methodology following the approved methodology based on DfT's Alternative Recovery Strategy and pay on actuals from November 2022 – March 2023,
 - Adjust the baseline by remove 2 of the 2.5% reductions from 2019/20 base and pay at 80% of that from November 2022 to March 2023.

The first option has been rejected as retaining the existing methodology would not resolve the objections from a bus operator. Given the inflationary pressures (e.g. fuel and driver costs) this would reduce the reimbursement and revenue available to sustain the network as it is. There is a risk that the funding would not be re-invested into the bus network and that this would incur additional costs to the Council to support any withdrawn services. If the objection is not resolved it could potentially leading to an appeal to the Secretary of State who may rule in favour of the operator, worsening relations with them in a period of significant change in the Southampton's bus market and the commencement of the Enhanced Partnership.

The second option of adjusting the baseline has been rejected as while providing further reimbursement support, it would further place significant pressure on the Council's 2022/23 budget which could not be accommodated.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None.

CONFLICTS OF INTEREST

None.

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 14th March 2023

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council’s Scrutiny “Call-In” provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*