

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR: Executive Director

13 July 2006

CONCESSIONARY FARES PAYMENT OF 'ADDITIONAL COSTS'

Purpose

1. The purpose of this report is to get agreement to reimburse bus operators the 'additional costs' incurred for implementing the concessionary fares scheme.

Effect on Corporate Objectives

2.	High quality, accessible, value for money services	<ul style="list-style-type: none">• Concessionary fares enable the elderly to access services and facilities which will have a direct bearing on their quality of life.• Promoting the use of public transport is a sustainable mode of travel.• The Council is working in partnership with the Cambridgeshire Districts and the County Council on a countywide scheme.
	Quality village life	
	A sustainable future	
	A better future through Partnerships	

Background

3. Reports to Cabinet on 12 January and 9 February 2006 set out the background to the former countywide half-fare scheme and the requirements for the new scheme, from 1 April, replacing the half-fare scheme by providing for free travel. The statutory requirement is for each District Council to provide free travel within the district after 9.30am for those eligible (men and women over 60 and those with disabilities). Councils have the discretion to fund an increase in the scheme, for example, to allow travel over a wider area and at any time. In order for a County and Peterborough wide scheme to work it requires all authorities to agree to the same scheme and agree to fund any extra concessions. The bus operators also sought one scheme across the whole county in order to keep it as simple as possible to operate.
4. At the meeting on 9 February Cabinet delegated the decision on the new scheme to the Leader, Deputy Leader and Portfolio Holder for Planning and Economic Development. A report on the new scheme was presented to Scrutiny and Overview Committee on 15 June 2006.
5. Background information about the new scheme and answers to a series of Frequently Asked Questions have been posted on the Council's website, which includes an explanation for why South Cambridgeshire District Council (SCDC) is unable to provide a countywide free fare scheme. An information leaflet is also readily available in the Council's reception, local libraries and post offices, as well as other locations throughout the district.

Funding

6. It is not possible to accurately assess the cost to each district for moving to a free fare scheme given the change from a mileage-based to revenue foregone reimbursement of bus operators and a lack of information on bus pass use. However, a consultant was appointed to undertake the calculations using the Government's 'toolkit' as a starting point and adapting it to 'fit' the Cambridgeshire and Peterborough scheme. The consultant estimated the new free fare concessionary fare scheme will cost the Council in the range of £490,000 - £525,000 in 2006/7. Ticket information from the first couple of months of operation indicate the cost over the year should fall within the range indicated in the estimate.
7. The Council has a budget of £559,000 for the concessionary fares scheme, comprising £354,000 in additional grant from Government for implementing the new scheme and £205,000 already budgeted to cover concessionary fares (based on the cost of the former half fare scheme).

'Additional Costs'

8. Under the new legislation bus operators should be 'no better or worse off' for implementing the concessionary fares scheme. As a result, bus operators can claim for 'additional costs' as a direct result of the new scheme, payable by the local authorities. These include costs associated with the provision of extra buses, extra journeys, extra miles, larger buses, or set up costs directly associated to the scheme, or a combination of these.
9. To date only three operators have submitted their claims and Stagecoach, the largest operator in South Cambridgeshire, is yet to claim. Cambridgeshire County Council, as administrator of the scheme on behalf of the districts, has contacted all bus operators to encourage them to submit any claims for costs at the soonest opportunity to help districts understand the financial implications of the new scheme. **Appendix 1** details the total amount of the claims for additional costs received to date and how these are apportioned between the partner authorities on the basis on mileage operated.
10. Of the claims received, the only operator whose costs affect SCDC are Whippet's and the Council's share amounts to £21,375.83. The County Council have verified these costs, which cover costs associated with the purchase of 40 ticket machines, a new back office system and link-up cables. The claim is for the minimum number of ticket machines and the cheapest technology possible that is capable of recording the ticket information needed for accurate reimbursement under the new scheme. At the time of writing the report Huntingdonshire District Council had paid their share of the Whippet claim and Cambridge City Council had agreed to pay.
11. Without the new ticket machines and associated back office system Whippet will not be able to provide details of the journeys being made with the concessionary bus passes. This will in turn affect the Councils' ability to accurately estimate costs for implementing the scheme next year.

Financial Implications

12. The new free fare concessionary fare scheme is estimated to be costing the Council in the range of £490,000 - £525,000 in 2006/7 and early indications are that this should be an accurate assessment. The 'additional costs' are an unknown quantity until claims are made by bus operators. Although there may be further claims by the bus operators, there is also the chance there will be no further claims. The Council's concessionary fares budget of £559,000 provides scope to cover these costs.

Legal Implications

13. None, provided the Council ensures the bus operators are 'no better or worse off', as required by the legislation.

Staffing Implications

14. Continued involvement of staff from Development Services and Accountancy.

Risk Management Implications

15. Risk to the Council would arise if the claims for 'additional costs' exceed the available concessionary fares budget.

Consultations

16. The Council has been working with all the Cambridgeshire Districts, Peterborough City Council and Cambridgeshire County Council on a new concessionary fares scheme.

Conclusion

17. The new free fare concessionary fare scheme is estimated to be costing the Council in the range of £490,000 - £525,000 in 2006/7 and early indications are that this should be an accurate assessment. The 'additional costs' are an unknown quantity until claims are made by bus operators. Although there may be further claims by the bus operators, there is also the chance there will be no further claims. The Council's concessionary fares budget of £559,000 provides scope to cover these costs.

Recommendation

18. Cabinet is recommended to agree payment of £21,375.83 for the 'additional costs' incurred by Whippet.

Background Papers:

Cabinet Reports 12 January and 9 February 2006
Scrutiny and Overview Committee Report 15 June 2006

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