

**Subject:** Consultation on the Formula for  
Distributing Concessionary Fares  
Special Grant

**Status:** For Publication

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**Report to:** The Cabinet

**Date:** 17 October 2007

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**Report of:** Executive Director of Resources

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**Portfolio**

**Holder:** A Well Managed Council

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**Key Decision:** No

Forward Plan  General Exception  Special Urgency

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**1. PURPOSE OF REPORT**

- 1.1 To seek the Cabinets agreement to a response to a consultation exercise being conducted by the Department for Transport on formulae for the distribution of a Concessionary Fares Special Grant from 2007/08.

**2. CORPORATE PRIORITIES**

- 2.1 The matters discussed in this report have the potential to impact on the following corporate priority
- A Well Managed Council – through either allocating sufficient or insufficient resources to the Council to fund the changes to the Concessionary Fares Scheme from April 2008.

**3. RISK ASSESSMENT IMPLICATIONS**

- 3.1 The costs of the Concessionary Fares Scheme have already been identified for members as a major financial risk facing the Council. The proposals produced by the Department for Transport to some extent clarify matters. However, they do not reduce the overall risks to the Council's ability to manage its finances nor do they reduce the need for the Council to maintain specific reserves to manage these risks to the maintenance of financial stability.

## 4. BACKGROUND AND OPTIONS

- 4.1 On 1<sup>st</sup> October the Department for Transport published proposals for a Special Grant to local authorities to meet the costs of the changes to the national concessionary fares scheme from 1<sup>st</sup> April 2008, which are estimated to cost £212m across England. This replaces any proposals to distribute resources through the main formula grant.
- 4.2 A copy of the Consultation Document, which helpfully sets out how the cost of concessionary fares arises has been placed in the members library and a draft response to the consultation is attached.
- 4.3 The consultation identifies four options for distributing the grant with the results for Rossendale and Lancashire as shown below:

	Rossendale		Lancashire	
	£000	% of England	£000	% of England
Option 1	194	0.09	4,399	2.10
Option 2	275	0.13	4,156	1.96
Option 3	177	0.08	3,790	1.79
Option 4	176	0.08	3,473	1.64

- 4.4 The population of Rossendale is 0.13% of the total in England and that of Lancashire 2.3%, thus the factors other than population used in the various options intended to represent the need to spend tend to provide less funding than indicated by population, although this is likely to reflect the availability of bus services in the more rural parts of the County.
- 4.5 In terms of the draft response support is expressed for Option 2, while this does give the Council the greatest sum of money it does broadly reflect the incidence of costs across the Country as reflected in the success of the current scheme.
- 4.6 The other question raised is whether the grant should be paid to the authority that administers countywide schemes. This is opposed for a number of reasons
- It will significantly blur accountancy as the suggestion only relates to resources arising from the changes due next April.
  - The implication of such a move would be that resources would be pooled. It is not clear that the Council has powers to do this as it would involve paying costs relating to residents of other boroughs.
  - If pooling is not going to happen there seems no benefit in taking this action.

4.7 The suggested response tries to protect the Council's position. However, it is not clear that the total amount of £212m will be sufficient to meet costs across the country. Similarly the issue of the risk of overspend is not addressed in these proposals at all.

## 5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 As indicated in the body of the report and the draft response concessionary fares is a significant area of financial risk for the Council and steps will be taken in updating the Medium Term Financial Strategy and preparing the budget for 2008/09

## 6. COMMENTS OF THE EXECUTIVE DIRECTOR OF REGULATORY SERVICES

6.1 It is agreed that the suggested response is the most appropriate way in which to attempt to promote the Council's position.

## 7. COMMENTS OF THE HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT

7.1 There are no human resources implication arising from this report

## 8. CONCLUSION

8.1 It is important that the Council take advantage of the opportunity to influence the distribution of resources for concessionary fares.

## 9. RECOMMENDATION

9.1 The Cabinet are recommended to approve the attached consultation responses

## 10. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required No

Is an Equality Impact Assessment attached No

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Background Papers

Document	Place of Inspection
DRT Consultation document	Members library