



DERBY CITY COUNCIL

## INDIVIDUAL CABINET MEMBER FOR NEIGHBOURHOODS MEETING

Date

# ITEM 5

Report of the Strategic Director of  
Neighbourhoods

### CONCESSIONARY FARES REIMBURSEMENT

#### SUMMARY

- 1.1 There have been ongoing negotiations with some of the larger bus companies in Derby and Derbyshire over the level of reimbursement they received for accepting the Gold Card concessionary fares cards for people aged over 60 and certain disabled people during 2007/08. This was the last year of the local Derby and Derbyshire scheme prior to the introduction of the English National Concessionary Travel Scheme in April 2008
- 1.2 With the exception of Stagecoach buses all the other companies involved in the Derbyshire scheme at that time have reached an agreement on the money they should receive following a determination by the concessionary fares adjudicator, appointed by the Secretary of State for transport. Stagecoach buses however were unhappy with the level of reimbursement proposed. As a result Stagecoach applied to the High Court for a judicial review of the adjudicator's decision and Derbyshire County Council lodged a defence to that action.
- 1.3 The judge involved in the judicial review has indicated the matter should be resolved by agreement before proceeding to a full judgement. The Department for Transport, DfT, have also indicated that they want the issue to be resolved promptly and have given local authorities involved until early November to say whether they are going to be able to reach an agreement. As a result representatives from Stagecoach and officers from Derby City Council, Derbyshire County Council and Borough and District Councils involved in the scheme met in mid October to try and resolve the issue. Following this discussion it has now been proposed that the members of the scheme should pay a set amount to settle the outstanding claim. Derby City Council's share of this claim would be £118,750.

#### RECOMMENDATION

- 2.1 That Derby City Council makes a one off payment of £118,750 towards the settlement of the claim from Stagecoach relating to fare reimbursement in 2007/08 under the Derby and Derbyshire Gold Card scheme.

#### REASONS FOR RECOMMENDATION

- 3.1 Accepting this figure means Derby City Council and its partners will not need to continue with legal and DfT adjudicators processes, which may have resulted in

increased costs Derby City Council.

- 3.2 Derby City Council Cabinet agreed in September 2010 to set aside a sum from the budget risk reserve to cover the claim.
- 3.3 The other Councils in the Derbyshire Gold Card scheme have agreed in principal to accept this proposal.

<b>SUPPORTING INFORMATION</b>
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- 4.1 The local Derby and Derbyshire Gold Card scheme in operation in 2007/08 offered free off peak bus travel within Derby and the County Council area and on routes to key destinations in surrounding cities. To qualify for a card, local residents had to be either over 60 or have certain specified disabilities. This scheme met the statutory requirements set down by central government in 2006.
- 4.2 Derby City Council and the various borough and district councils in Derbyshire paid a set proportion of the total cost of the local scheme costs; based on the number of residents in their area entitled to receive a Gold Card. Derbyshire County Council administered the scheme on behalf of the other Councils.
- 4.3 There have been long standing discussions with some of the larger bus companies over the level of reimbursement they received for accepting the Gold Card concessionary fares cards for people aged over 60 and certain disabled people during 2007/08. This was the last year of the local Derby and Derbyshire scheme prior to the introduction of the English National Concessionary Travel Scheme in April 2008.
- 4.4 With the exception of Stagecoach buses all the other companies involved in the scheme at that time have reached an agreement on the money they should receive following a determination by the concessionary fares adjudicator, appointed by the Secretary of State for transport. Stagecoach however was unhappy with the level of reimbursement proposed and made a Judicial Review application to the High Court on the adjudicator's decision. In turn Derbyshire County Council lodged a defence to the Judicial Review proceedings.
- 4.6 This process has taken a long time to resolve. Whilst the initial conclusions of Judicial Review have mainly been in favour of the Councils in the scheme, there are still some uncertainties over the likely final outcome. The judge involved in the judicial review has indicated the matter should be resolved by agreement before proceeding to a full judgement. The DfT have also indicated that they want the issue to be resolved promptly and have given local authorities involved until early November to say whether they are going to be able to reach an agreement.
- 4.7 In an effort to resolve the situation a meeting between representatives of Stagecoach and officers from Derby City Council, Derbyshire County Council and Borough and District Councils took place in mid October. At this meeting a proposal to settle the outstanding claim was made which Stagecoach is willing to accept. .

- 4.8 Whilst the number of Stagecoach bus services operating in the Derby City Council area in 2007/08 was very limited under the terms of a previous agreement Derby City Council has agreed to pay a set percentage of the total cost of an additional reimbursement. This proposal will result in a total extra cost to Derby City Council of £118,750

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Stuart Leslie Director of Legal and Democratic Services Martyn Marples, Director of Finance and Procurement N/a Christine Durrant
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Chris Hegarty 01332 641736 e-mail <a href="mailto:chris.hegarty@derby.gov.uk">chris.hegarty@derby.gov.uk</a> None Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 This is covered in the confidential part of the agenda.

**Legal**

- 2.1 The scheme in operation in 2007/08 was formally laid down and operated in accordance with relevant legislation in the Transport Act 1985, and the Transport Act 2000. The statutory instrument setting out the change to concessionary travel schemes to introduce free “local travel” were published in February 2006. Transport Operators participate voluntarily in concessionary travel schemes, although there are powers to compel participation.
- 2.2 The Derbyshire Concessionary Travel Scheme Agreement between Derby City Council and the Borough and District Councils came into operation at the time secured joint funding. The Derby City Council, Borough and District Authorities acted as the agents for the issue of passes with Derbyshire County Council acting as the agent for financial reimbursement to the operators.

**Personnel**

- 3.1 None directly arising

**Equalities Impact**

- 4.1 The scheme has the potential to significantly improve the quality of older and disabled peoples lives

**Health and Safety**

- 5.1 None directly arising

**Carbon commitment**

- 6.1 Increased use of bus services has the potential to significantly reduce the amount of carbon produced by travelling compared to people using their own cars.

**Value for money**

- 7.1 The cost to Derby City Council of accepting this recommendation is potentially less than it would be to continue the legal and DfT adjudicator process.

**Corporate vision and objectives**

## 8.1 City growth

City for stronger, safer and cleaner communities

Healthy city