

# **Report to the Finance and Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Date of meeting: 19 November 2007**

**Portfolio: Community Wellbeing.**

**Subject: National Concessionary Fares Scheme – Funding Allocation Consultation.**

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## **Recommendations/Decisions Required:**

**That the Director of Finance and ICT responds to the consultation in support of Option 2.**

## **Introduction:**

1. The Financial Issues Paper presented to this Committee on 24 September outlined the financial risks arising from the introduction of the new national concessionary fares scheme from 1 April 2008. This new scheme allows pass holders to travel free on any local bus services anywhere in England.

2. The risks outlined in the Financial Issues Paper were the potential for increased costs and a lack of adequate additional resources being allocated by Government. Data is still awaited from MCL, the consultants who administer the current countywide scheme, on predicted costs from 1 April 2008. However, the picture on funding is becoming clearer as the Government is undertaking a consultation on the allocation of the additional funds that are being made available to support the new scheme.

## **Funding Consultation:**

3. Two funding mechanisms were outlined in the Financial Issues Paper. At that time it was unclear whether the Government would add the additional funds into the existing Four Block Model, that allocates Revenue Support Grant, or use a specific grant. The Department for Transport (DfT) have now determined that the £212 million of funding for the new scheme will be distributed as a specific grant.

4. The DfT has issued a consultation paper setting out four different options for allocating the £212 million. Each of the four options contains a number of variables with different weightings, as shown below:

Option 1	Option 2	Option 3	Option 4
Day visitors (23.8%)	Population density (30.6%)	Eligible population (36.5%)	Eligible population (13.9%)
Incapacity Benefit and Severe Disablement Allowance (18.9%)	Passes in neighbouring authorities (20.1%)	Bus stop density (22.8%)	Passenger journeys on busses (58.3%)
Net in commuters (30.3%)	Net in commuters (31.7%)	Net in commuters (40.6%)	Overnight visitors (13.9%)
Density area uplift (27%)	Concessionary passes issued (17.6%)		Retail floor space (13.9%)

5. The use of different variables, and even where the same variable is used different weightings for it, means that a wide variety of outcomes are possible. The amount of grant to be received by this Council under each option is set out below:

Option 1	Option 2	Option 3	Option 4
£0.276M	£0.334M	£0.228M	£0.255M

6. In the best case scenario a grant of £0.334M would be received under Option 2, but if the DfT chose Option 3 that amount would reduce by £106,000 to £0.228M. This is clearly a significant difference but as the table below illustrates there are other districts in Essex with even more to gain or lose:

District	Best (Option) £M	Worst (Option) £M	Difference £M
Basildon	0.395 (1)	0.359 (3)	0.036
Braintree	0.281 (4)	0.198 (2)	0.083
Brentwood	0.209 (2)	0.152 (4)	0.057
Castle Point	0.426 (2)	0.181 (4)	0.245
Chelmsford	0.370 (4)	0.254 (2)	0.116
Colchester	0.437 (4)	0.232 (2)	0.205
Epping Forest	0.334 (2)	0.228 (3)	0.106
Harlow	0.422 (2)	0.194 (4)	0.228
Maldon	0.133 (2)	0.104 (1)	0.029
Rochford	0.218 (2)	0.155 (4)	0.063
Tendring	0.469 (4)	0.230 (2)	0.239
Uttlesford	0.161 (4)	0.116 (1)	0.045

7. The picture across Essex will be replicated up and down the country with districts having considerable amounts at stake. Just looking at the Essex picture, Option 1 produces the best outcome for only one authority but is the worst for two, Option 2 is best for six but worst for four, Option 3 is best for no Essex authorities and worst for two and Option 4 is best for five but worst for four. From this it can clearly be seen that a consensus is unlikely to emerge.

### **Conclusion:**

8. Given the significant amounts of grant at stake, it is likely that most authorities will respond to the consultation in support of their favoured option. The consultation closes on 23 November and in order to protect this Council's position, it is recommended that the Director of Finance and ICT should respond to the consultation in support of Option 2.