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**MAXIMUM RECOMMENDED FARESCALE  
FOR COUNCIL SUPPORTED BUS SERVICES**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report recommends the revision of the maximum fare scale which applies to passenger fares on buses operated on behalf of the Council.
- 1.2 The Council sets a maximum fare which applies only on bus services operated on the Council's behalf, and not on commercially operated services. The scale was last revised with effect from September 2012.
- 1.3 The terms and conditions of the transport contracts state  

“On all contracted local services the Contractor shall charge passenger fares at or below the rate or scale set in the Maximum Fare Scale, as agreed by the Council and revised periodically and shall clearly exhibit the relevant fare table in all vehicles for the route or routes on which they operate. Maximum fares scales are as published on the Council's website.”
- 1.4 Consideration of a revised scale has been requested by our principal operator, outwith the Lomond area, to keep pace with inflation. Public transport in the Lomond area falls under the auspices of Strathclyde Partnership for Transport (SPT), and the Maximum Permitted Farescale (Rural) issued by SPT is on average 6.6% higher than the fares proposed in this report.
- 1.5 Should this be implemented it will permit the Council's contractors to maintain a sustainable business model. This could have a positive effect on future tenders and reduce Council subsidy payments, as, when calculating tender prices, operators take into consideration the number of passengers travelling on each journey and the amount of fare income they anticipate. This could keep the cost of tender prices down.
- 1.6 As a consequence of general inflation since the last review, fares would have to rise by 6.296% to keep pace. However, in discussion with the main public transport contractor and operator outside the Lomond Area, a below inflation rise of an average of 5.0% would give them the necessary flexibility to maximise revenue. If implemented this would result in the basic adult single for one and a half miles increasing from £1.20 to £1.25.
- 1.7 It is recommended that members agree to revise the Maximum Fare Scale in line with the table at appendix 1.

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**2.0 INTRODUCTION**

- 2.1 In accordance with the terms of the Public Transport contracts, the Council sets a maximum fare which applies on bus services operated on the Council's behalf. The scale was last revised with effect from September 2012.
- 2.2 Consideration of a revised scale has been requested by our principal operator, outwith the Lomond area, to keep pace with inflation.

**3.0 RECOMMENDATIONS**

- 3.1 It is recommended that members agree to revise the Maximum Fare Scale in line with the table at appendix 1.

**4.0 DETAIL.**

- 4.1 The contract terms and condition of bus services operated on behalf of the Council require that the operators charge no more than the Maximum Fare Scale, which is set by the Council.
- 4.2 The contract terms and conditions state:
- “On all contracted local services the contractor shall charge passenger fares at or below the rate or scale set in the Maximum Fare Scale, as agreed by the Council and revised periodically and shall clearly exhibit the relevant fare table in all vehicles for the route or routes on which they operate. Maximum fares scales are as published on the Council's website.”
- 4.3 Governance and Law has advised that the Council has discretion with regard to the frequency of a Maximum Fare Scale review, however that an operator would expect to have a review more than once during the life of a contract, which as standard is three years.
- 4.4 The scale was last revised with effect from September 2012.

4.5 There are some additional factors which should be taken into consideration:

- Failure by the council to move the maximum permitted farescale in line with inflation may put unnecessary cost pressures on to contractors by restricting their ability to maximise revenue in both fare revenue collected on bus and compensation from Transport Scotland for the carriage of concessionary passengers.
- In areas where commercial services operate without Council support and Council supported services operate on the same route, passengers currently experience two different fare levels.
- Public transport in the Lomond area falls under the auspices of Strathclyde Partnership for Transport (SPT), and the Maximum Permitted Farescale (Rural) issued by SPT is on average 6.6% higher than the fares proposed in this report.
- Many of passengers on services within Argyll and Bute and outwith the SPT area, are adult concessionary passengers who travel free. The Scottish Government's National Entitlement Card card entitles young people to a one third discount on the adult fare and many adults are paying a reduced fare through the use of return or multi journey tickets .

## **5.0 CONCLUSION**

5.1 As a consequence of general inflation since the last review, fares would have to rise by 6.296% just to keep pace. However, in discussion with the main public transport contractor and operator, a below inflation rise of an average of 5.0% would give them the necessary flexibility to maximise revenue. This would result in the basic adult single for one and a half miles increasing from £1.20 to £1.25.

5.2 Consultation with the principal operator has established that an increase is requested to cover additional costs relating to Employment Legislation and Health and Safety Legislation, which must be adhered to, and, in addition, to cover general inflation increases.

5.3 Should this be implemented it will permit the Council's contractors to maintain a sustainable business model. This could have a positive effect on future tenders and reduce Council subsidy payments, as, when calculating tender prices, operators take into consideration the number of passengers travelling on each journey and the amount of fare income they anticipate. This could keep the cost of tender prices down.

## **6.0 IMPLICATIONS**

6.1 Policy - none

6.2 Financial - There are no immediate financial implications but possible long term influence on tender prices by reflecting market trends and encouraging operators to maximise revenue, which they consider when

calculating their costs for tendering.

6.3 Legal - none

6.4 HR - none

6.5 Equalities – An increase in the Council’s Maximum Farescale will bring fares closer to those permitted by SPT to be charged by operator’s in the Lomond area.

6.6 Risk - There is no immediate risk but a possible long term influence on tender prices by reflecting market trends and encouraging operators to maximise revenue which they consider when calculating their costs for tendering.

6.7 Customer Service – possible increase in some fare paying public bus fares.

## **Executive Director of Customer Services**

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### **For further information contact:**

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## **APPENDICES**

- Maximum Fare Scale Table