

CABINET

DATE	16/02/2022
REPORT OF	Councillor Stewart Swinburn - Portfolio Holder for Environment and Transport
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director for Environment, Economy and Resources
SUBJECT	North East Lincolnshire Council Concessionary Fares Scheme
STATUS	Open with the exception of Appendix A which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972
FORWARD PLAN REF NO.	CB 02/22/05

CONTRIBUTION TO OUR AIMS

The Concessionary Fares Scheme contributes towards the Council's strategic objective of a 'Stronger Economy' by maintaining the provision of a sustainable public transport network for eligible residents.

The scheme contributes to the Council's 'Stronger Communities' objective by maintaining access to health, community, shopping and other services for those passengers eligible to access free, off-peak travel. This has a positive impact on health and wellbeing.

EXECUTIVE SUMMARY

The national Concessionary Fares Scheme is enshrined in legislation through the Transport Act 1985 and Transport Act 2000 (subsequently modified by the Concessionary Bus Travel Act 2007). Councils have a statutory duty to provide free bus travel for eligible pass holders to a statutory minimum level. Public transport operators are compensated for revenue foregone and for any net additional costs incurred as a result of operating the national scheme in accordance with criteria established by the Department for Transport (DfT).

The Council published a draft concessionary fares scheme, including existing non-statutory local enhancements on 15 December 2021 (in order to meet statutory notice requirements to bus operators). The purpose of this report is for Cabinet to approve the final scheme, which will be effective from 1 April 2022 to 31 March 2023.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the continuation of the current, statutory minimum North East Lincolnshire Concessionary Fares Scheme (with existing non-statutory local enhancements) from 1 April 2022 to 31 March 2023.
2. Approves the proposed reimbursement of the operators starting from 2019/2020 Concessionary Fares baseline (pre COVID-19) and to follow the DfT "Concessionary Recovery Strategy."

3. Authorises the Executive Director for Environment, Economy and Resources in consultation with the Portfolio Holder for Environment and Transport to ensure that all actions necessary and ancillary to the above recommendations be completed.

4. Upon the DfT amending the COVID-19 Bus Recovery Grant (BRG) or issuing updated concessionary travel guidance, the Executive Director for Environment, Economy and Resources in consultation with the Portfolio Holder for Environment and Transport is authorised to approve an amended Concessionary Fares agreement with local bus operators.

5. Authorises the Assistant Director Law, Governance and Assets to complete and execute all requisite legal documentation arising.

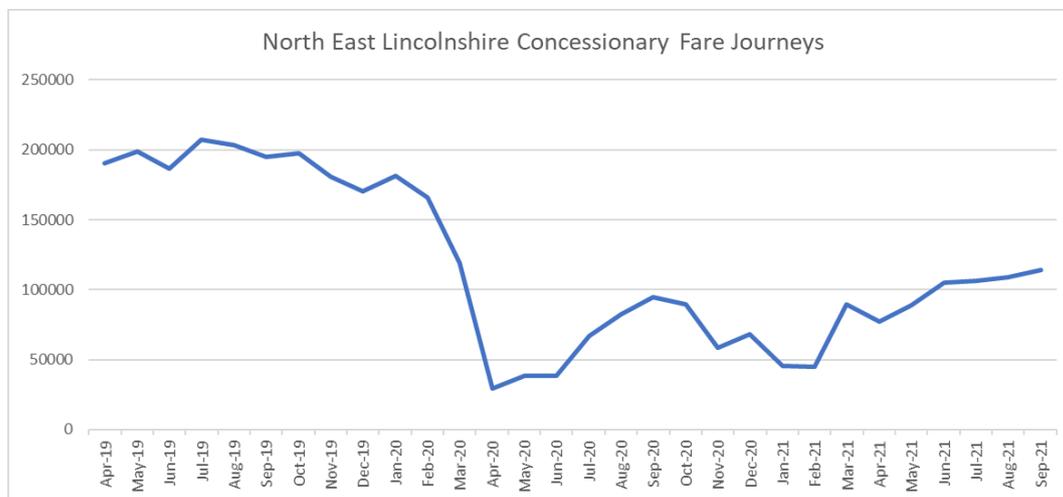
REASONS FOR DECISION

Adoption of the North East Lincolnshire Concessionary Fares Scheme will ensure that the Council meets the relevant statutory requirements in relation to the operation of the national scheme and the reimbursement of eligible transport operators.

1. BACKGROUND AND ISSUES

- 1.1 The Transport Act 1985, Transport Act 2000 and Concessionary Travel Act 2007 provide the legal framework and the minimum standards for Travel Concessionary Authorities (TCAs) to administer local concessionary fare arrangements for eligible passengers. The Council is the TCA for North East Lincolnshire.
- 1.2 A mandatory bus concession for older and disabled people was established through the Transport Act 2000. The concession has gradually been extended since its introduction. Since 1 April 2008, the English National Travel Concession Scheme (ENTCS) has required TCA's, to provide a bus pass scheme to eligible residents of their area who are elderly or disabled. This enables free off-peak local bus travel anywhere in England (between the hours of 9:30am to 11:00pm Monday to Friday and 24 hours on Saturday, Sunday and bank holidays). This is the statutory minimum North East Lincolnshire Council (NELC) Concessionary Fares Scheme.
- 1.3 TCAs are required by law to reimburse bus operators for carrying concessionary passengers. In respect of the mandatory concession, TCAs must reimburse bus operators for all concessionary journeys starting within their boundaries, regardless of whether the concessionary pass holder making the journey is a resident in the TCA area.
- 1.4 Public transport operators are compensated for revenue foregone and for any net additional costs incurred as a result of operating the national scheme, in accordance with criteria and a reimbursement calculation model established by the DfT. In order to operate the scheme, in recent years the Council has entered into a fixed reimbursement agreement with the principal transport operator (Stagecoach East Midlands). This has benefits for both parties in that it provides greater certainty over future payments by smoothing the effect of increases and decreases in concessionary travel. The current agreement will finish on 31 March 2022.

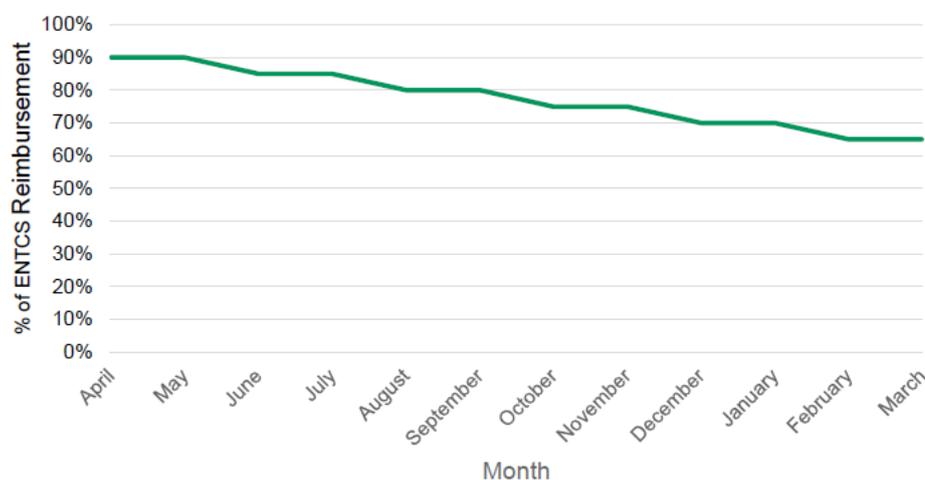
- 1.5 The Coronavirus pandemic has reduced the numbers of people travelling (including the numbers of people travelling with Concessionary Bus Passes in North East Lincolnshire) on local bus services in North East Lincolnshire. The graph below demonstrates the impact of the Coronavirus on North East Lincolnshire Concessionary Fare Journeys.



- 1.6 On the 29 October 2021, the DfT wrote to TCA's regarding concessionary travel reimbursement arrangements, including how DfT is advising TCAs to reimburse bus operators for 2022/2023 concessionary travel schemes.
- 1.7 In order to continue high service levels throughout the remainder of the COVID-19 pandemic, the Government is providing continued support to the bus sector through the Bus Recovery Grant (BRG) Scheme.
- 1.8 DfT expects that any LTA in receipt of LTA BRG will comply with the DfT requirement of maintaining concessionary fares funding to bus operators at 100% of pre-Covid patronage levels from 1 April 2022 to 6 April 2022, reducing down to actual levels within the 2022/2023 financial year. NELC is in receipt of BRG.
- 1.9 The DfT Concessionary Travel Guidance (published on 29 October 2021) included the Concessionary Recovery Strategy. The objective of the Concessionary Travel Recovery Strategy is to provide LTAs with a cost effective way of reducing their pre-Covid concessionary payments whilst avoiding any sudden reduction in these payments to the bus operators. This is because any sudden reduction could lead to a significant impact on bus operator service levels, and consequently to an effect on passenger trips.
- 1.10 The DfT wish to ensure that any reduction in pre-Covid concessionary payments is enacted at a rate that will not adversely affect other funding streams, the viability of the bus market, or impact the objectives and ambitions of the National Bus Strategy.
- 1.11 From 6 April 2022, DfT will introduce a phased approach for the transition back down to reimbursement at actual concessionary patronage levels. DfT will ask

LTAAs to steadily reduce their pre-Covid concessionary reimbursement payments to operators in accordance with the graph below:

Graph showing the scale down of LTA pre-Covid concessionary reimbursement payments (6 April 2022 to 31 March 2023)



- 1.12 From 6 April 2022, DfT suggests those LTAs who have continued to reimburse concessionary fare payments at 100% of pre-Covid levels, should lower these payments to 90% of pre-Covid levels.
- 1.13 From 1 June 2022, LTAs who continue to pay out concessionary fare payments at 90% of pre-Covid levels should then lower their concessionary fare payments to 85% of pre-Covid levels.
- 1.14 This approach should continue, with LTAs lowering their concessionary fare payments by 5% at the start of August, October, December 2022, and February 2023. However, when taking into account current patronage levels and average forecast patronage levels, it is expected that concessionary reimbursement payments will revert to actual patronage levels by the end of 2022, if not before.
- 1.15 In the event of the concessionary fare reimbursement payments reverting to actual patronage levels by the end of 2022 (or earlier) and concessionary passenger numbers start to increase, the concessionary fare reimbursement payments will increase. For example, in the event of the concessionary fare payments reaching actual patronage levels of 65% of pre-COVID-19 passenger numbers by December 2022 and passenger numbers then increase to 80% of pre-COVID-19 levels by February 2023, it is expected the concessionary fare reimbursement will increase to 80% of pre-COVID-19 levels. Concessionary Fare payments will not exceed 100% of pre-COVID-19 Concessionary Fare payments.

2. RISKS AND OPPORTUNITIES

- 2.1 As the bus industry recovers from the impact of the COVID-19 pandemic, the proposed phased reduction of concessionary fare payments may lead bus operators to review local bus service provision especially if passenger numbers

locally do not return to pre-Covid-19 levels. Should the need for service changes arise, it is expected local bus operators will discuss any proposals with NELC in advance of registering any changes. It should be noted, concessionary fare payments reimburse bus operators for carriage of eligible bus passengers to travel on locally registered bus services for free, concessionary fare reimbursement is not, and cannot be, bus service subsidy.

2.2 The concessionary fares scheme contributes towards the social, economic and environmental well-being of the Borough, especially for older people and disabled, by encouraging use of sustainable modes of travel and increasing accessibility to health, education, employment, shopping and leisure.

2.3 Provision of public transport concessionary fares has a positive impact on social inclusion.

3. OTHER OPTIONS CONSIDERED

3.1 The following options are available to the Council:

3.2 **Do nothing** – This option is not recommended. Local authorities have a duty to provide free bus travel for eligible pass holders to a statutory minimum level. Public transport operators are compensated for revenue foregone and for any net additional costs incurred as a result of operating the national scheme in accordance with criteria established by the DfT.

3.3 **Reimburse operators based upon alternative calculation** - Should this payment be lower than the DfT guided payment, operators are likely to appeal to the Secretary of State for Transport. Operators have the right to appeal local authority concessionary fare reimbursement under section 150 (1) of the Transport Act 2000.

3.4 **Reimburse the operators starting from 2019/2020 Concessionary Fares baseline agreement – This is the recommended option.** DfT have set out a “Concessionary Recovery Strategy” which allows LTA’s to reduce their pre-Covid concessionary payments to operators in a phased approach which is set out in 1.11. This approach will provide bus operators with further additional support for longer whilst patronage is still repressed. This means the approach is less likely to impact on service and demand levels, aligning with the National Bus Strategy objectives of delivering a better bus service of growing networks and improving routes. However, this approach also aims to balance out operators’ needs against the needs of LTAs, as it still enables LTAs to reduce their concessionary reimbursement payments throughout the next financial year, whilst providing a slow and steady transition back to actuals.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

4.1 A formal Highways and Transport engagement process has been agreed jointly by the Council and EQUANS to ensure that reputation and communications are considered at an early stage.

5. FINANCIAL CONSIDERATIONS

5.1 The underlying principle which underpins the reimbursement of concessionary fares is set out in domestic Regulations (Travel Concession Schemes Regulations 1986 (SI 1986/77); and Mandatory Travel Concession (England) Regulations 2011 (SI 2011/1121) which state that operators should be left 'no better and no worse off' (during the COVID-19 pandemic this statutory instrument has been revoked. This amendment will cease to have effect at the end of the 2021/22 financial year. Accordingly, DfT are now exploring laying a further temporary SI to achieve the continued provision of enabling LTAs, in principle, to make pre-Covid level payments, during the Concessionary Travel Recovery Period) as a result of the existence of Concessionary Fare Schemes. This means that TCAs should:

- compensate bus operators for the revenue forgone – i.e. the revenue they would have received from those concessionary passengers who would otherwise have travelled and paid for a (full fare or discounted) ticket in the absence of a scheme and,
- pay operators any net additional costs they have incurred as a result of the scheme – this could for instance include the cost of carrying additional generated passengers (i.e. concessionary pass holders that would not have travelled in the absence of the scheme) or other costs that would not have been incurred in the absence of the concession such as scheme administration costs. Those costs are net of additional revenue.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.1 The Concessionary Fares scheme allows eligible elderly and disabled people to use local bus services. This has a number of benefits including encouraging concessionary bus pass holders to choose environmentally sustainable methods of travel. This provides additional benefits including reducing congestion, improving air quality and providing accessibility to health, community, shopping and other key essential services.

7. CONSULTATION WITH SCRUTINY

7.1 There has been no consultation with Scrutiny.

8. FINANCIAL IMPLICATIONS

8.1 The costs of the concessionary travel requirements are to be met from within the budget envelope for that service.

9. LEGAL IMPLICATIONS

9.1 The statutory framework governing the issue of concessionary fares is set out in the above report. Clearly the Council should have an appropriate scheme in place so as to enable it to demonstrate and support compliance with its statutory obligations.

9.2 The recommendations and delegations sought are consistent with the stated strategic aims of the Council and are appropriate.

10. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications

11. WARD IMPLICATIONS

11.1 All Wards

12. BACKGROUND PAPERS

- 12.1 Transport Act 1985.
- 12.2 Transport Act 2000.
- 12.3 Concessionary Bus Travel Act 2007.
- 12.4 Portfolio Holder Environmental Services Companions (8 April 2008).
- 12.5 Concessionary Fares Cabinet Report (29 September 2008).
- 12.6 Cabinet Report – North East Lincolnshire Council Concessionary Fares, Scheme (21 January 2015).
- 12.7 North East Lincolnshire Council Concessionary Fares Scheme 2019/2021 (11 March 2019).
- 12.8 Concessionary Bus Travel, Letter to Travel Concession Authorities (20 November 2020).
- 12.9 Cabinet Report - North East Lincolnshire Council Concessionary Fares, Scheme (10 February 2021).
- 12.10 Department for Transport, Covid-19 Recovery Guidance. Concessionary Fares Funding (October 2021).
- 12.11 North East Lincolnshire Council Concessionary Fares Scheme 2019/2021 (11 March 2019).
- 12.12 North East Lincolnshire Council Concessionary Fares Scheme - 1 April 2021 to 31 March 2022 (15 December 2020).
- 12.13 North East Lincolnshire Council Concessionary Fares Scheme - 1 April 2022 to 31 March 2023 (15 December 2021).

13. CONTACT OFFICER(S)

Sharon Wroot, Executive Director for Environment, Economy and Resources, NELC, Tel: 01472 324875.

Mark Nearney, Assistant Director for Housing, Highways, Transportation & Planning, NELC, Tel: 01472 324122.

Martin Lear, Head of Highways and Transport, EQUANS, Tel: 01472 324482.

COUNCILLOR STEWART SWINBURN
PORTFOLIO HOLDER ENVIRONMENT AND TRANSPORT