

# CABINET

<b>DATE</b>	14 <sup>th</sup> February 2024
<b>REPORT OF</b>	Councillor Stewart Swinburn – Portfolio Holder for Environment and Transport
<b>RESPONSIBLE OFFICER</b>	Carolina Borgstrom, Executive Director of Economy, Environment and Infrastructure
<b>SUBJECT</b>	North East Lincolnshire Council Concessionary Fares Scheme.
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	CB 02/24/01

## 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 also 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 3 November 2023 (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 2024 to 31 March 2025.

## 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 2024 to 31 March 2025.
2. Authorises the Executive Director of Economy, Environment and Infrastructure in consultation with the Portfolio Holder for Environment and Transport to approve 2024/2025 Concessionary Fares Scheme reimbursement arrangements with transport operators.

3. Authorises the Executive Director of Economy, Environment and Infrastructure 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. Authorises the Executive Director of Economy, Environment and Infrastructure in consultation with the Portfolio Holder for Environment and Transport (subject to the agreement of the Section 151 Officer) to manage and take decisions relating to expenditure in the 2024/25 financial year to secure any bus services which are deemed socially necessary.
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 Council (NELC) Concessionary Fares scheme will ensure 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 provides 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. 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 09:30am to 11:00pm Monday to Friday and all day on Saturday, Sunday and bank holidays). This is the statutory minimum 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 recent years the Council has entered into a fixed reimbursement agreement (based upon pre-COVID 19 reimbursement to support the recovery of the bus network) 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 2024.

- 1.5 In the event that local bus operators propose changes to local bus services during the 2024/2025 financial year due to continuing commercial pressures, this report seeks approval to authorise the Executive Director of Economy, Environment and Infrastructure in consultation with the Portfolio Holder for Environment and Transport (subject to the agreement of the Section 151 Officer) to secure those services that are considered to be socially necessary within the overall available transport budget.
- 1.6 It is proposed that NELC enters into a one-year fixed reimbursement agreement, commencing 1 April 2024 to 31 March 2025 with the principal transport operator in North East Lincolnshire.
- 1.7 The recommendation to agree a one-year fixed price option is recommended, reducing the risk of fluctuation of concessionary fares spend. It offers certainty of budget for both parties and provides greater stability in the bus network.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 The Concessionary Fares scheme contributes towards the social, economic and environmental well-being of the Borough, especially for older and disabled people, by encouraging use of sustainable modes of travel and increasing accessibility to health, education, employment, shopping and leisure.
- 2.2 Provision of the public transport concessionary fares scheme has a positive impact on social inclusion.
- 2.3 In the event of the Council being unable to agree Concessionary Fare reimbursement with the principal bus operator there is a risk that they will begin proceedings to withdraw services (or elements of services) which may be detrimental for local bus passengers.

## **3. OTHER OPTIONS CONSIDERED**

- 3.1 In addition to the recommended option identified above the following options have been considered and are not recommended:
- 3.2 **Do nothing** –Local authorities have a legal duty to provide free bus travel for eligible pass holders to a statutory minimum level and failing to do this would mean the Council would not be discharging its legal duty.
- 3.3 **Reimburse operators based upon alternative calculation** – The DfT recommend the use of their calculator tool to inform Concessionary Fare arrangements with operators. In the event that an alternative calculation is used which returns a payment lower than the DfT guided payment, operators are likely to appeal to the Secretary of State for Transport under section 150 (1) of the Transport Act 2000.
- 3.4 **Payments based upon usage** – A ‘pay as you go’ reimbursement method is not recommended for the large volume operators. As concessionary travel is

demand led, the risk of overspend is greater than with a fixed price agreement. This option may also create instability in the bus network.

- 3.6 Reduce non-statutory enhancements of concessionary fares scheme –**  
This option is not recommended. Options for non-statutory savings have been explored previously (Cabinet 21 January 2015), when pre 09:30am concessions were withdrawn. Following Cabinet on 21 January 2015 other elements of the scheme were reviewed and due to their comparably low value and high impact, were not pursued.

#### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

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, this will be enacted on the approval of the recommendations identified above.

#### **5. FINANCIAL CONSIDERATIONS**

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' 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. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

Local bus services support children and young people who due to their age do not have access to an alternative vehicle. For example, bus services allow children and young people to access work, training and education.

#### **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

The use of public transport by concessionary pass holders as an alternative to private car use has environmental benefits including a reduced carbon footprint and improved local air quality resulting from fewer vehicles on the road.

## **8. CONSULTATION WITH SCRUTINY**

This report was considered at the Economy Scrutiny Panel on 9 January 2024.

## **9. FINANCIAL IMPLICATIONS**

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

## **10. LEGAL IMPLICATIONS**

10.1. The English National Concessionary Travel Scheme was established on 1 April 2008. It entitles older and disabled residents to free off-peak bus travel on any registered local bus service. Local transport authorities are required to make suitable arrangements to issue passes to entitled applicants and to reimburse operators of local bus services for revenue foregone or costs incurred.

10.2. Local authorities are free to enhance their discretionary travel schemes with locally adopted and funded policies.

10.3. The recommendations are appropriate for a scheme of this nature.

## **11. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications.

## **12. WARD IMPLICATIONS**

All Wards in North East Lincolnshire are affected by this report.

## **13. BACKGROUND PAPERS**

Cabinet Report (16 February 2022) North East Lincolnshire Council Concessionary Fares Scheme;

<https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/12.-Concessionary-Fares.pdf>

Cabinet Report (18 January 2023) North East Lincolnshire Bus Network Review;

[https://democracy.nelincs.gov.uk/wp-content/uploads/2022/06/8.-Bus-Network\\_ReviewPDF-207KBicon-namepaperclip-prefixfa.pdf](https://democracy.nelincs.gov.uk/wp-content/uploads/2022/06/8.-Bus-Network_ReviewPDF-207KBicon-namepaperclip-prefixfa.pdf)

## **14. CONTACT OFFICER(S)**

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**COUNCILLOR STEWART SWINBURN**  
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