

Title of meeting: Traffic & Transportation Cabinet Member Decision Meeting

Date of meeting: 25th February 2021

Subject: Concessionary Fares Scheme Reimbursement to Bus Operators

Report by: Tristan Samuels, Director Regeneration

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 This reports outlines the recommendation for the reimbursement to bus operators for travel made using Concessionary Bus Passes in 2021/22.

2. Recommendations

It is recommended that the Cabinet Member for Traffic and Transportation:

- 2.1 **Notes the contents of this report;**
- 2.2 **Revises the reimbursement to bus operators to one based on the percentage of mileage operated in accordance with guidance issued by the Department for Transport on 20 November 2020;**
- 2.3 **Delegates authority to the Cabinet Member for Traffic and Transportation in conjunction with the Director of Regeneration and the S151 Officer, to make any necessary changes within the allocated budget.**

3. Background

- 3.1 Portsmouth City Council administers the English National Concessionary Travel Scheme for residents of the city under the terms of the Concessionary Travel Act 2007, and the Mandatory Travel Concession (England) Regulations 2011. The scheme allows eligible pass holders free travel on local buses. Bus operators are reimbursed on a 'no better no worse' basis for the loss of revenue forgone for the journeys made. This is calculated by using, the average adult fare and specific additional costs incurred. This follows the terms of the Act and

Department for Transport guidance and managed on behalf of the Council by specialist consultants contracted by the authority.

- 3.2 The annual Portsmouth City Council, Concessionary Fares budget for 2020/21 is £4.2m
- 3.3 In letters to Local Transport Authorities, dated 25 March 2020 and 4 April 2020, the Department for Transport urged authorities to continue to pay bus and coach operators for tendered services, concessionary fares and home to school transport at the levels before any downturn in patronage due to COVID-19, for at least the period of the outbreak.
- 3.4 For the current year (2020-21), the City Council has made concessionary fares payments in line with pre COVID-19 travel levels, rather than actual use to help maintain the bus network for key workers and essential journeys. This is in line with the guidance received from the Department for Transport.
- 3.5 In addition to this, the government provided COVID-19 Bus Services Support Grant (CBSSG) paid direct to bus operators for the loss in commercial passenger revenue.

4 Reimbursement for 2021/22

- 4.1 The Department for Transport has permitted Local Authorities to calculate concessionary fares reimbursement locally, outlining a number of principles to be considered when developing their methodology:-
1. Seasonality of services – (some authorities have adopted approaches to cover this, for example, averaging two lower winter and two higher summer payment methods)
 2. Decline in concessionary patronage - (total concessionary bus journeys fell by 2.5% in England in 2018/19, however, this may vary across local areas)
 3. Decline in patronage as a whole
 4. Operators may have ceased trading/some services
 5. Operators may have started trading/new services
 6. Operators may have varied their services to increase/decrease the frequency/length of journey - (If TCAs decide to consider this principle, we urge TCAs to only reduce concessionary fare reimbursement funding to the level of service that operators are providing them with. For instance, if an operator was providing 90% service levels, TCAs may consider providing 90% concessionary fare funding.)
- 4.2 Taking into account the factors listed in para 4.1, it is recommended that concessionary fare reimbursement for the 2021/22 financial year reflects the level of service provided to residents - point 6 of the DfT guidance above.
- 4.3 The most effective way of measuring this is the actual weekly mileage operated by bus operators, a figure which is already provided to the DfT by

bus operators. This figure can then be presented as a percentage of the mileage operated pre-COVID-19, and the corresponding proportion of concessionary fare reimbursement paid accordingly.

- 4.4 At the time of writing this report, First Bus are operating at 80% of pre-COVID-19 mileage and Stagecoach 70% of pre-COVID-19 mileage.
- 4.5 Actual mileage operated will increase as lockdown restrictions are eased and schools reopen within the year and that this be reflected in the end of each quarter reconciliation payment.

5. Consultation

- 5.1 The Council have consulted with both First Bus and Stagecoach which together operate all local bus services in Portsmouth.
- 5.2 Both operators are content with this approach, and shortfalls will be made by Government through CBSSG payments.
- 5.3 The operators have requested that the Council revert to pre-pandemic levels of payment should government withdraw CBSSG during the 2021/22 financial year, the Council. This would equate to 100% of budget for the weeks affected.

6. Reasons for recommendations

- 6.1 The Council are required to provide bus companies with 28 days' notice of the reimbursement arrangements and any change to the reimbursement levels.
- 6.2 Due to Portsmouth City Council proposing to change the reimbursement levels, in line with government guidance a decision needs to be taken at this Traffic & Transportation meeting.
- 6.3 To reflect government guidance that concessionary fares reimbursement should reflect the level of service provided in the local area.
- 6.4 That authority be delegated to the Cabinet Member for Traffic and Transportation in conjunction with the Director of Regeneration and S151 Officer, to make any changes to the level of reimbursement paid as operators revise service levels and therefore actual mileage operated at short notice in line with changes to government travel advice.

7. Integrated Impact Assessment

- 7.1 An Integrated Impact Assessment (IIA) has been undertaken and is attached in Appendix A. The IIA has identified that there are no impacts on the level of service provided to users.

8. Legal Implications

- 8.1 The Council's statutory duty, as a travel concession authority, to reimburse bus operators for providing concessions is set out in Sections 149 and 150 of the Transport Act 2000 (inserted by the Concessionary Bus Travel Act 2007) and further provision about the arrangements for such reimbursement are contained in the Mandatory Travel Concession (England) Regulations 2011, as amended.
- 8.2 Details of the national policy response in respect of such reimbursement to operators in light of the impact of the Covid-19 pandemic are set out in the body of the report.
- 8.3 The recommendation in this report is consistent with the Council's relevant statutory duties and the national policy response referred to above.

9. Director of Finance comments

- 9.1 The cost of the Council's Concessionary Fare Scheme is approximately £4.2m per annum.
- 9.2 The cash limited budget does not cover the full cost of running the scheme. The scheme is reliant on a subsidy of over £216,000 from the Council's parking reserve each year and an allocation of around £18,000 from the Council's Bus Support to Operators Grant (BSOG).
- 9.3 The recommendation to reimburse the bus operators based on percentage of mileage will depend on the level of service that is being operated during the year. Current service levels are running between 70% and 80%, but this is expected to increase as lockdown restrictions are eased.
- 9.4 It is anticipated that the cost of the scheme will be in the region of £3.4m to £3.8m (based on service levels running at 80% to 90%). Once normal levels of service resume then the reimbursement will be akin to that to pre Covid levels.
- 9.5 It is anticipated that any shortfall will be made by Government directly to the bus operators through the CBSSG payments or through any other rescue packages that may become available in the future.

.....
Signed by:

Appendices:
Appendix A - Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

| Title of document | Location |
|-------------------|----------|
| | |
| | |
| | |
| | |
| | |

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

.....
Signed by: