

Title of meeting: Traffic & Transportation Cabinet Member Decision Meeting

Date of meeting: 24th February 2022

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 report outlines the recommendation for the reimbursement to bus operators for travel made using Concessionary Bus Passes in 2022/23 following an update in Department for Transport guidance.

2. Recommendations

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

- 2.1 **Notes the contents of this report;**
- 2.2 **In line with Department for Transport (DfT) guidance, provide reimbursement to bus operators from 1 April 2022 in line with table in 4.3 until the percentage in the table equals the actual level of concessionary journeys and then reimburse on the basis of actual journeys taken;**
- 2.3 **In line with DfT guidance where operators are currently running less than 90% of pre COVID mileage, as in Portsmouth, keep reimbursement unchanged until the percentage in the table at 4.3 equals the actual mileage operated;**
- 2.4 **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 off-peak travel on local buses. Bus operators are normally 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 and because these can change an updated scheme is required to be published annually. During the pandemic, in line with DfT guidance, a different basis for reimbursement has applied and this is about to change as set out in this paper. The scheme follows the terms of the Act and Department for Transport guidance and is managed on behalf of the Council by specialist consultants contracted by the authority.
- 3.2 The DfT issued new guidance to local authorities on 29 October 2021 with revised reimbursement arrangements on a tapered or transitional basis for 2022/23. This recommends that from April, reimbursement changes from the percentage of scheduled mileage against pre COVID to a percentage of pre COVID concessionary travel payments and reduces by 5% every second month until the figure is in line with actual concessionary travel usage. Where bus operators are already operating less than 90% of pre COVID mileage, current reimbursement levels should continue until the reduced figure becomes equal to the actual mileage operated and then reduce in line with the scale until it equals actual concessionary fare pass usage.
- 3.3 For the current year (2021-22), the City Council has made concessionary fares payments in line with the percentage of service mileage operated against pre COVID-19 levels in line with government guidance that Local Transport Authorities and operators by agreeing funding, routes and service levels between themselves are also essentially defining what pre-Covid levels mean locally.
- 3.4 In addition to this, the government provided COVID-19 Bus Services Support Grant (CBSSG) to 31 August 2021 and Bus Recovery Grant (BRG) from 1st September paid direct to bus operators for the loss in commercial passenger revenue in 2021/22. At this stage there are no plans to continue with BRG after 5th April 2022.

4 Reimbursement for 2022/23

- 4.1 The guidance from the DfT is that from 6 April 2022, the Concessionary Travel Recovery Period will begin, and DfT asks those authorities providing reimbursement at 100% reduce this to 90% of pre-Covid levels. Authorities should gradually decrease their reimbursement payments to bus operators by 5% every second month until these payments equate with actual concessionary pass use. The concessionary fares scheme in Portsmouth starts on the 1st April each year so the revision to the reimbursement will start on that date.

4.2 Currently Portsmouth City Council is reimbursing bus operators at the actual percentage of pre COVID mileage they operate. It is anticipated that the figure will reach the actual concessionary fare usage in quarter 3 of the year.

4.3 Under the current reimbursement Portsmouth City Council reimburses monthly with a reconciliation payment at the end of each quarter. In line with DfT guidance for 2022/23, the amounts paid each month will reduce every second month. The table below shows the recommended reimbursement which has been sent to bus operators who have not objected. There should be no cost impact to the Council or bus operators of doing this.

Quarter	% scale down of LTA pre-Covid concessionary payment
April – June 2022	90%
July – September 2022	80%
October – December 2022	75%
January – March 2023	65%

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, and the corresponding proportion of concessionary fare reimbursement paid accordingly.

5. Consultation

5.1 The Council has consulted through our consultants MCL with both First Bus and Stagecoach which together operate all local bus services in Portsmouth. No objection has been received to the phased reduction.

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 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 if government guidance is revised.

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 recommendations in this report are consistent with national (Department for Transport) Covid-19 Recovery Guidance on the funding of concessionary fares by Local Transport Authorities, which seeks to achieve a phased return to pre-pandemic funding principles over the coming financial year 2022 to 2023.
- 8.2 Given the national policy approach and the objective of that policy to support bus operators through the effects of the pandemic on their operations in a proportionate way, it is considered very unlikely that the arrangements would be held to be contrary to subsidy control rules but this aspect should be kept under review going forward in light of any change in circumstances.

9. Director of Finance comments

- 9.1 The Costs of the Concessionary fares scheme were funded from the Cash Limited budget pre-pandemic. The cost of the scheme could not be met from cash limited resources alone, so a subsidy funded by the Parking Reserve was also required. No specific grants are provided by the government to meet the cost of Concessionary reimbursement.
- 9.2 During the pandemic the City Council have continued to pay the Bus Operators at pre-pandemic levels funded as above despite the amount of actual concessionary trips being far lower than pre-pandemic levels. No additional specific grant was provided to the Council in respect of concessionary fares during the Covid crisis.
- 9.3 This new guidance represents a move away from this approach. The interpretation of the DfT guidance as set out in the recommendations in this report will be met within existing cash limited resources and will most likely require no support from the parking reserve in 2022/23, based on current forecast demand information.

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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

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Signed by: