



Title of meeting:	Traffic & Transportation Cabinet Member Decision Meeting
Date of meeting:	16 th February 2023
Subject:	Concessionary Fares Scheme Reimbursement to Bus Operators
Report by:	Tristan Samuels, Director Regeneration
Report Author:	Simon Bell, Principal Public Transport Officer
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 This report provides an update on revisions to the scheme made in the Traffic & Transportation Cabinet decision meeting in September 2022¹, following an update in Department for Transport (DfT) guidance. This report provides updated recommendations for Concessionary Bus Passes reimbursement to bus operators in 2023/24 in accordance with this guidance.

2. Recommendations

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

- 2.1 **Notes the contents of this report;**
- 2.2 **Approves that the bus operator reimbursement rate reverts to actual journeys made using the concessionary pass from 1 April 2023;**
- 2.3 **Approves that unallocated concessionary travel budget be used to meet the cost for reinstating bus service withdrawals during 2023/2024 in the first instance following DfT guidance.**
- 2.4 **Approves the revision of the older persons concessionary pass end time to 02:00 from the current 23:00 hours, from 1 April 2023;**

¹ [Agenda for Cabinet Member for Traffic & Transportation on Thursday, 22nd September, 2022, 5.00 pm Portsmouth City Council](#)



- 2.5 **Delegates authority to the Director of Regeneration in conjunction with the Cabinet Member for Traffic and Transportation and the S151 Officer, to make changes to the operator reimbursement rate within the allocated budget where such changes are considered necessary having regard to any amendments to central government guidance;**
- 2.6 **Notes the findings of the hospital appointment trial and extends this trial until 31 March 2024 in order to collect further data and report back to Traffic & Transportation Cabinet Member in February 2024.**

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. As these average fare and costs can vary an updated scheme is required to be published annually.
- 3.2 During the pandemic, in line with DfT guidance, a different basis for reimbursement has applied. This report sets out upcoming changes to this guidance. The Portsmouth Concessionary Travel scheme follows the terms of the Concessionary Travel Act 2007 and considers the Department for Transport guidance. The Portsmouth scheme is managed on behalf of the Council by specialist consultants MCL contracted by the authority.
- 3.3 Portsmouth City Council revised its operator reimbursement rate to a tapered approach for 2022/23 in line with guidance from the DfT issued in 2022 as approved at the meeting of the Cabinet Member for Traffic and Transportation on 24th February 2022. The reimbursement rate started at 90% for April to June 2022 and for the months January to March 2023 76% of pre-pandemic. Where a bus operator mileage has been below these figures this figures has been used..
- 3.4 New guidance from the DfT issued to local authorities in November 2022 has suggested that local authorities should consider moving to reimbursement based on pre-pandemic levels of travel for the financial year 2023/24. Government guidance has allowed Local Transport Authorities and operators by agreeing funding, routes and service levels between themselves are also essentially defining what pre-pandemic levels mean locally.

4 Reimbursement for 2023/24

- 4.1 Portsmouth reimbursement rate for 2022/23 has been on a tapering scale starting at 90% for April to June 2022 and for the months January to March 2023 76% of pre-pandemic. The guidance from the DfT issued in November 2022 is



stating that the DfT have a strong preference for authorities to reimburse at pre-pandemic rates, but the choice is with the authority as to what rate they choose. As Portsmouth is already reimbursing at less than the pre-pandemic figure, it would not be reasonable to increase to these levels.

- 4.2 It is therefore recommended that Portsmouth City Council reimbursement moves to actual number of trips made from 1 April 2023. The latest figures show passenger journeys by concessionary fare pass holders at 72.6% of pre-pandemic levels. This is expected to increase through 2023 as more people feel more comfortable to travel by bus. Portsmouth City Council would continue to reimburse for any increase in the number of journeys.
- 4.3 DfT guidance from November 2022 further requests that where the Local Transport Authority does not believe it is appropriate, (to continue to reimburse operators at the pre-pandemic rate) that they retain the funding within the wider supported bus sector – for example, through greater support for tendered bus services. It is proposed that the cost for reinstating bus service withdrawals during 2023/2024 be met in the first instance from the concessionary travel budget.
- 4.4 Under the current reimbursement Portsmouth City Council reimburses monthly with a reconciliation payment at the end of each quarter. This would remain the same.

5. Changes to hours of validity

- 5.1 On 22 September 2022, the Cabinet Member for Traffic and Transportation approved an earlier start time for Portsmouth residents with an older person's concessionary bus pass for use Monday to Friday of 0900 instead of 0930. A 6-month trial was also approved for those passholders to travel free to hospital appointments before 0900 on production of an appointment letter or similar.
- 5.2 Data from Stagecoach South (see table 1) for the first month shows that journeys before 0930 increased, but journeys after 0930 reduced. This may suggest that most journeys between 0900 and 0930 are those who previously waited until 0930 and are now travelling at a more convenient time. It should be noted that the sample period is short, and other factors such as weather may have played a part. This will continue to be monitored and a further report will be presented to the Cabinet Member when further information is available.
- 5.3 Table 1: Stagecoach South bus passenger data:

Stagecoach Older Persons Concessionary Fare pass usage		
Time	Oct-22	Nov-22
0000 to 0929	3,700	5,452
0930 onwards	85,081	81,422



- 5.4 Please note, the figures in table 1 above also include those travelling before 0900 to hospital appointments. These total 277 for the period from November to mid-January on First and Stagecoach buses.
- 5.5 Through the Bus Service Improvement Plan (BSIP), funding enhancements to bus services have been made including the introduction of additional earlier and later bus services. With this introduction a review of the time at which passes can be used has been undertaken. Currently older persons concessionary bus passes are not valid after 23:00 hours Mondays to Fridays, with no time restrictions at weekends in line with government legislation.
- 5.6 Following the review outlined in section 5.5 of this report, it is recommended that the time at which older persons concessionary bus passes should be valid is extended to support the additional later services until 02:00 Monday to Friday. The council has been advised from our consultants MCL who manage the payments of the scheme for us that the cost is likely to be less than £2,000 pa to introduce this.

6. Consultation

- 6.1 Portsmouth City Council has consulted through consultants MCL with both First Bus and Stagecoach, who together operate all local bus services in Portsmouth. No objection has been received to the change to actual reimbursement rate.

7. Reasons for recommendations

- 7.1 The Council are required to provide bus companies with 28 days' notice of the reimbursement arrangements and any change to the reimbursement levels or the times of operations.
- 7.2 Due to Portsmouth City Council proposing to change the reimbursement levels, in line with government guidance from 1 April a decision needs to be taken by the Cabinet Member of Traffic & Transportation at the February 2023 meeting.
- 7.3 The recommendation is to reimburse against actual concessionary use. This gives transparency, but is approximately 25% below pre-pandemic levels, reducing bus operator income and the commercial viability of some bus services. DfT guidance is to retain the concessionary fare budget to support local bus services. Doing so would allow funding to be targeted to address individual services where funding may be required.
- 7.4 Following the introduction of later bus services on several routes in December 2022/January 2023 through the National Bus Strategy, Bus Service Improvement Plan, the time at which older persons concessionary bus passes can be used has reviewed.



- 7.5 That authority be delegated to the Director of Regeneration in conjunction with the Cabinet Member for Traffic and Transportation and S151 Officer, to make any changes to the level of reimbursement paid to operators if government guidance is revised.

8. Integrated Impact Assessment

- 8.1 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.

9. Legal Implications

- 9.1 The recommendation at paragraph 2.2 in effect brings the operator reimbursement rate back in line with the provisions of the English National Concessionary Travel Scheme and is within the powers of the City Council as a Travel Concession Authority to make this decision where it considers it appropriate to do so. It is noted that consultation with affected operators in respect of this proposal has been undertaken and no objections received.
- 9.2 As a Travel Concession Authority, the Council has, under Section 93 of the Transport Act 1985 (as amended) discretion to offer concessionary travel entitlements in addition to the national minimum requirements prescribed under the English National Concessionary Travel Scheme. Enhanced local entitlements under such concessions are to be funded by the Council by reimbursement to participating bus operators and are limited to travel within the Council's administrative area unless relevant agreements between neighbouring authorities are in place.

10. Director of Finance comments

- 10.1 The Costs of the Concessionary fares scheme is 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.
- 10.2 During the pandemic the Council 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.
- 10.3 Portsmouth reimbursement rate for 2022/23 has been on a tapering scale starting at 90% of pre-pandemic levels for April to June 2022 and for the months January to March 2023 76%.



- 10.4 Portsmouth City Council's proposal for 2023/24 is that reimbursement moves to actual number of trips made from 1 April 2023. The latest figures show passenger journeys by concessionary fare pass holders at 72.6% of pre-pandemic levels. This is expected to increase through 2023/24 as people feel more comfortable travelling by bus.
- 10.5 The approach to reimbursement 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 2023/24, based on current forecast demand information.
- 10.6 In accordance with this approach, DfT guidance is that any underspends will be earmarked in the first instance to fund reinstating any bus service withdrawals during 2023/24.

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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
Concessionary Fares Reimbursement Scheme to Operators, report to Cabinet Member for Traffic and Transportation, September 2022	Agenda for Cabinet Member for Traffic & Transportation on Thursday, 22nd September, 2022, 5.00 pm Portsmouth City Council

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

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Signed by: