

Title of meeting:	Cabinet Member for Transport decision meeting
Date of meeting:	30 January 2024
Subject:	Concessionary Fares Scheme Reimbursement to Bus Operators
Report author:	Felicity Tidbury, Assistant Director for Economy, Planning, and Transport
Report by:	Simon Bell, Principal Public Transport Officer
Cabinet Member:	Councillor Gerald Vernon-Jackson, Cabinet Member for Transport
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. This report provides updated recommendations for concessionary bus passes reimbursement to bus operators in 2024/25 in accordance with the new guidance issued by the Department for Transport (DfT) on 30 November 2023.

2. Recommendations

It is recommended that the Cabinet Member for Transport:

- 2.1 **Notes the contents of this report;**
- 2.2 **Approves that the bus operator reimbursement rate to continue using actual journeys made with a concessionary pass from 1 April 2024 using the revised guidance from the Department for Transport (DfT);**
- 2.3 **The council will use Medium Urban Discount Fare Factor to reimburse bus operators;**
- 2.4 **Approves that any unallocated concessionary travel budget be used to meet the cost for supporting non-commercial bus services during 2024/25 following DfT guidance;**

2.5 Approves making the free travel to hospital appointments permanent, noting the results of the trial;

2.6 Delegates authority to the Cabinet Member for Transport in conjunction with the Assistant Director for Economy, Planning and Transport 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. As these average fare and costs can vary an updated scheme is required to be published annually.

3.2 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 revised guidance from the Department for Transport. 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 actual trips from 1st April 2023 in line with guidance from the DfT as approved at the meeting of the Cabinet Member for Traffic and Transportation on 16th February 2023. The cost for reinstating bus service withdrawals during 2023/2024 was met in the first instance from the underspend to the concessionary travel budget.

4 Reimbursement for 2024/25

4.1 Portsmouth reimbursement for 2024/25 it is proposed that this will continue to use actual journeys made but use the revised guidance issued by the Department for Transport on the 30 November 2023. The new guidance recommends that each authority use one of four different Fare Discount Factor (FDF) depending on their characteristics in order to calculate the reimbursement. The previous guidance used the same FDF for all authorities.

The new four FDF are:

- Large Urban,
- Medium Urban,
- Mixed Urban/Rural, and,
- Rural

each will provide differing levels of reimbursement to the bus operator. The figures for each are shown in Table 1:

Table 1 – FDF rates

Area profile	FDF
Large Urban	11.95%
Medium Urban	15.20%
Mixed Urban/Rural	4.62%
Rural	3.70%

- 4.2 Full details of each area profile relating to the FDF rates are provided in appendix A. Advice from our consultants is that Portsmouth best fits into the Medium Urban in view of its profile including the population and the city's characteristics.
- 4.3 The estimated projected budget spend for 2023/24 will be £3.9m but the council only have six months of usage and a number of bus services changed operation from First to Stagecoach which the effects of this are not yet known. Using the new calculator from the DfT the estimated figure will be £4.27m for 2024/25. This is around the same figure as in 2019/20 of £4.26m, just before the pandemic not considering inflation.
- 4.4 DfT guidance from November 2023 further requests that Local Transport Authorities use any underspend to on the concessionary fares budget be retained within the wider supported bus sector – for example, through greater support for tendered bus services. It is proposed that the ongoing cost for supporting bus service withdrawals during 2023/24 be met in the first instance from any concessionary travel budget.
- 4.5 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. Travel to hospital appointments**
- 5.1 From 1st October 2022 the council introduced free travel before 0900 for older persons pass holders who were travelling to hospital appointments at Queen Alexandra or St Mary's Hospitals if they have a hard copy or digital appointment confirmation. Usage of the scheme is around 1,800 trips pa and has not caused an issue for bus companies, and it is recommended the this is made permanent.

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 a minimum 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 Transport at the January 2024 meeting.
- 7.3 The recommendation is to continue to reimburse against actual concessionary use. 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 is currently required or may be required.
- 7.4 That authority be delegated to the Cabinet Member for Transport in conjunction with the Assistant Director of Regeneration – Transport and S151 Officer, to make any changes to the level of reimbursement paid as operators if government guidance is revised.
- 7.5 The trial of free travel before 0900 for older persons pass holders who were travelling to hospital appointments at Queen Alexandra or St Mary's Hospitals, has provided access to essential health services. As part of this trial there have been no reported issues with capacity on the buses from the bus operators.

8. Integrated impact assessment

- 8.1 An integrated impact assessment has been undertaken as found in appendix B.

9. Legal implications

- 9.1 The recommendations in this report are within the powers of the City Council as a Travel Concession Authority.
- 9.2 In relation to free travel for hospital appointments, it is to be noted that 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's 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 City Council's reimbursement rate for 2023/24 moved back to actual number of trips made. Trips have increased through 2023/24 as people feel more comfortable travelling by bus.
- 10.4 Based on the approach to reimbursement as set out in the recommendations in this report, the cost of the scheme in 2024/25 is unlikely to be met from cash limited resources alone, so a subsidy funded by the Parking Reserve will also be required.

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Signed by:

Appendices:

- Appendix A – FDF area profiles
- Appendix B – Integrated Impact Assessment

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

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Guidance from the Department for Transport (DfT)	https://assets.publishing.service.gov.uk/media/659596a0d7737c000df333f0/dft-user-guide-calculating-bus-operator-reimbursement.pdf

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

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Signed by Councillor Gerald Vernon - Jackson, Cabinet Member for Transport