

CABINET

DATE	10 February 2021
REPORT OF	Councillor Stewart Swinburn, Portfolio Holder Environment and Transport
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director for Environment, Economy and Resources
SUBJECT	North East Lincolnshire Council Fares Scheme
STATUS	Open with the exception of Appendix A which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972
FORWARD PLAN REF NO.	CB 02/21/03

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 by commercial operators and other providers.

The scheme 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 15 December 2020 (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 2021 to 31 March 2022.

RECOMMENDATIONS

It is recommended that Cabinet:

1. approves the continuation of the current, statutory minimum North East Lincolnshire Council Concessionary Fares Scheme (with existing non-statutory local enhancements) from 1 April 2021 to 31 March 2022.

2. approves the proposed reimbursement agreement at pre COVID-19 funding levels for operators as required by the DfT.
3. authorises the Executive Director for Environment, Economy and Resources 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. upon the DfT amending the COVID-19 Bus Service Support Grant (CBSSG), the Executive Director for Environment, Economy and Resources in consultation with the Portfolio Holder for Environment and Transport is authorised to approve an amended Concessionary Fares agreement with operators.
5. authorises the Assistant Director Law, Governance and Assets to complete and execute all requisite legal documentation arising.

REASONS FOR DECISION

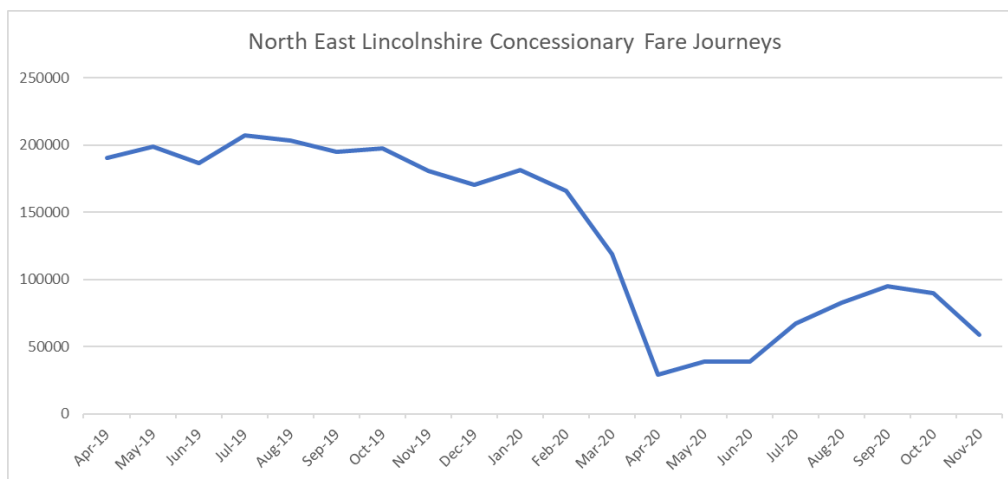
Adoption of the North East Lincolnshire Concessionary Fares Scheme will ensure that the Council meets the relevant statutory requirements in relation to the operation of the national scheme and the reimbursement of eligible transport operators.

1. BACKGROUND AND ISSUES

- 1.1 The Transport Act 1985, Transport Act 2000 and Concessionary Travel Act 2007 provide 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. The concession has gradually been extended since its introduction. 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 9:30am to 11:00pm Monday to Friday and 24 hours on Saturday, Sunday and bank holidays). This is the statutory minimum North East Lincolnshire Council 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 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 order to operate the scheme, in recent years the Council has entered into a fixed reimbursement agreement 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 2021.

- 1.5 The Coronavirus pandemic has reduced the numbers of people travelling (including the numbers of people travelling with Concessionary Bus Passes in North East Lincolnshire) on local bus services in North East Lincolnshire. The graph below demonstrates the impact of the Coronavirus on North East Lincolnshire Concessionary Fare Journeys.



- 1.7 On the 20 November 2020, the DfT wrote to TCA's regarding concessionary travel reimbursement arrangements, including how DfT is advising Travel Concession Authorities (TCAs) to reimburse bus operators for 2021/2022 concessionary travel schemes.
- 1.8 In order to continue high service levels throughout the remainder of the COVID-19 pandemic, the Government is providing continued support to the bus sector through the COVID-19 Bus Service Support Grant (CBSSG) Restart scheme.
- 1.9 The budget, agreed with HM Treasury, for the CBSSG Restart scheme including the Local Transport Authority (LTA) component, has been calculated on the basis that these concessionary fare reimbursement payments at pre-COVID levels continue to be made by local authorities.
- 1.10 The DfT have advised local authorities that most bus operators are not making profits and whilst in receipt of CBSSG they are prohibited from doing so. CBSSG reconciliation exercises undertaken by DfT aims to address any losses incurred by operators in providing service levels of up to 100%. Should any of these payments from the public sector reduce, there is a risk that bus services will reduce if the DfT CBSSG budget is insufficient to meet the losses made by operators. DfT are therefore requesting local authorities continue to provide concessionary fare funding at pre COVID-19 funding levels (this also applies to low volume transport operators) continuing from 1 April 2021.

2. OTHER OPTIONS CONSIDERED

- 2.1 The following options are available to the Council:

- 2.2 **Do nothing** – This option is not recommended. Local authorities have a 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 DfT.
- 2.3 **Reimburse operators based upon alternative calculation** - Should this payment be lower than the DfT guided payment, operators are likely to appeal to the Secretary of State for Transport. Operators have the right to appeal local authority concessionary fare reimbursement under section 150 (1) of the Transport Act 2000.
- 2.4 **Reimburse the operators based upon the 2019/2020 Concessionary Fares agreement** – This is the recommended option due to the DfT requesting local authorities continue to provide concessionary fare funding at pre-COVID 19 funding levels.

3. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 3.1 A formal Highways and Transport engagement process has been agreed jointly by the Council and ENGIE to ensure that reputation and communications are considered at an early stage.

4. FINANCIAL CONSIDERATIONS

- 4.1 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.

5. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 5.1 The Concessionary Fares scheme allows eligible elderly and disabled people to use local bus services. This has a number of benefits including encouraging concessionary bus pass holders to choose environmentally sustainable methods of travel. This provides additional benefits including reducing congestion, improving air quality and providing accessibility to health, community, shopping and other key essential services.

6. CONSULTATION WITH SCRUTINY

- 6.1 There has been no consultation with Scrutiny.

7. FINANCIAL IMPLICATIONS

- 7.1 As outlined in the report, the impact of COVID-19 on the concessionary fare reimbursement is anticipated to be funded through additional Government grant support. The annual concessionary travel costs are covered through the respective service budget and is included within the Council's Medium Term Financial Plan.

8. LEGAL IMPLICATIONS

- 8.1 The legal implications around the obligations placed on the Council as a Travel Concessionary Authority to facilitate concessionary travel are largely covered in the above report and are contained in the legislation cited.
- 8.2 The recommendations sought are appropriate.

9. HUMAN RESOURCES IMPLICATIONS

- 9.1 There are no direct HR implications.

10. WARD IMPLICATIONS

- 10.1 All Wards.

11. BACKGROUND PAPERS

- 11.1 Transport Act 1985.
- 11.2 Transport Act 2000.
- 11.3 Concessionary Bus Travel Act 2007.
- 11.4 Portfolio Holder Environmental Services Companions (8 April 2008).
- 11.5 Concessionary Fares Cabinet Report (29 September 2008).
- 11.6 Cabinet Report - North East Lincolnshire Council Concessionary Fares, Scheme (21 January 2015).
- 11.7 North East Lincolnshire Council Concessionary Fares Scheme 2019/2021 (11 March 2019).
- 11.8 Concessionary Bus Travel, Letter to Travel Concession Authorities (20 November 2020).

12. CONTACT OFFICER(S)

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- Martin Lear, Deputy Head of Highways and Transport, ENGIE, Tel: 01472 324482.

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