



Officer Decision Record – Key Decision

Key decisions taken by an officer are subject to the 5 day call in period from circulation to Members, and therefore the decision will be released for implementation following the call-in period and no call in being received

1. Cabinet date and copy resolution this key decision relates to

Cabinet meeting on 16 February 2022.

DN.117 NORTH EAST LINCOLNSHIRE COUNCIL CONCESSIONARY FARES SCHEME

Decision Notice from 16 February 2022 Cabinet meeting - <https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/Decision-Notice-16th-February-2022.pdf>

Cabinet Minutes from 16 February 2022 Cabinet Meeting - <https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/12.-Cabinet-Minutes-16th-February-2022-1.pdf>

2. Subject and details of the matter (to include reasons for the decision)

Background Information

North East Lincolnshire Council's (NELC) has one local bus operator in North East Lincolnshire (Stagecoach East Midlands). Annually, the Council agrees Concessionary Fare reimbursement with Stagecoach East Midlands.

NELC Cabinet meeting – 16 February 2022

On the 16 February 2022 NELC Cabinet approved the Concessionary Fares scheme on the continuation of the current, statutory minimum North East Lincolnshire Concessionary Fares Scheme from 1 April 2022 to 31 March 2023. The Cabinet report also approved upon the Department for Transport (DfT) amending the COVID-19 Bus Recovery Grant (BRG) or issuing updated concessionary travel guidance, 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 local bus operators.

DfT Concessionary Travel Update – 24 February 2022

On 24 February 2022 DfT wrote to LTA's outlining the available concessionary fare reimbursement options which include:

1. Reduce their pre-Covid level payments in line with the Recovery Strategy (published October 2021).
2. Maintain pre-Covid level payments for the duration of the 2022/23 financial year, should they deem local circumstances require this.
3. Adopt their own approach to pre-Covid concessionary reimbursement for the 2022/23 financial year, however, we urge LTAs to be sensitive to the financial needs of operators, and balance this against any alternative reduction in concessionary fare payments, as any sudden reduction can lead to immediate negative impacts to operators and service levels.
4. Follow any alternative or supplementary recovery guidance that DfT may issue.

On 29 March 2022 DfT also advised "Whilst we have, and continue to, provide guidance on how to implement recovery in practice, authorities have the autonomy and flexibility to establish the right approach for a local area considering local circumstances".

DfT Bus Recovery Grant Update – 2 March 2022

On the 2 March 2022, the DfT announced the extension of the BRG Funding for a further six months. This will require local bus operators to run at least 90% of local bus services during the funding period.

Bus passenger numbers in North East Lincolnshire are currently around 70% of pre-COVID levels. The extension of BRG will underpin bus services for six months from 1 April 2022. If there is no further extension to the scheme, the external financial support will be withdrawn at the end of September. Unless there is a significant increase in passenger numbers, bus services in North East Lincolnshire will need to be reduced at the end of the funding to maintain the viability of the network. Against this background, any cuts in concessionary reimbursement will exacerbate service reductions.

3. Decision being taken

That the Executive Director for Environment, Economy and Resources in consultation with the Portfolio Holder for Environment and Transport approves the Stagecoach East Midlands Concessionary Fares 2022/2023 Reimbursement from April 2022 until September 2022.

4. Is it an Urgent Decision? If yes, specify the reasons for urgency. Urgent decisions will require sign off by the relevant scrutiny chair(s) as not subject to call in.

Yes. Ongoing negotiations with Stagecoach East Midlands have delayed the completion of the Stagecoach East Midlands Concessionary Fares Memorandum of Understanding. Each bus operators Concessionary Fares Reimbursement arrangements should be confirmed by 1 April 2022.

5. Anticipated outcome(s)/benefits

Option 3 is the recommended option.

Option 3 - Maintain pre-Covid level (100%) Concessionary Fare payments for the duration of the BRG (due to end 30 September 2022) followed by the implementation of the DfT Recovery Strategy or follow any further DfT guidance/ alternative reimbursement approach.

This option is likely to minimise any service reductions between 1 April 2022 and 30 September 2022. By making reductions to concessionary payments will accelerate the need to make service changes. Services which are likely to be affected are the ones with lower passenger numbers and/or high proportions of concessionary passengers. The earlier in the year we are forced to make the review of services, the less time we are giving for the recovery of passenger growth on the local bus network.

DfT announced on 2 March 2022 an extension to BRG for a further six months (currently due to end September 2022). This option will help to maintain the existing bus network, maintain services for local bus passengers and help NELC and Stagecoach East Midlands to plan any future changes to the local bus network later in the 2022/2023 financial year (likely to be around September or October 2022). This is the recommended option and a further Concessionary Fares Officer Decision Record will be presented between August 2022 and September 2022 should the DfT BRG be withdrawn in September 2022.

6. Details of any alternative options considered and rejected by the officer when making the decision (this should be similar to original cabinet decision)

In order to support the options outlined below, DfT have now secured the necessary agreement across Government to extend the current statutory instrument to achieve the continued provision of enabling authorities to pay concessionary fares funding to operators at a higher level than due through actual journeys by pass-holders, and address concerns raised regarding the legal basis for making concessionary fare payments at a level above actuals.

The statutory instrument will extend the amendment to regulation 6(a) of the 2011 Regulations by continuing to temporarily omit the words "no better and" and therefore removing from regulation 6(a) the requirement that reimbursement arrangements in respect of concessionary fares do not result in the bus operator being better off. This

amendment will cease to have effect at the end of 2022/23 financial year, at which time the requirement will be reinstated.

Option 1 - Follow the DfT “default” Concessionary Travel Recovery option.

By following the DfT Concessionary Travel Recovery Guidance, this would reduce the Stagecoach East Midlands Concessionary Fare payments. If this option was approved, this would result in Stagecoach East Midlands reducing the local bus network by around 200,000 annual miles from North East Lincolnshire's bus network with the majority of this being in Grimsby, Cleethorpes and Immingham. Cuts in concessionary payments, would create the risk of commercial bus services being withdrawn especially in the early mornings, evenings and on Sundays when passenger numbers per journey are lower than during the daytime hours. Also, some bus services with high proportions of concessionary passengers will no longer be viable. This is likely to increase the pressure on the council's financial budgets to replace commercial journeys with tendered bus services. This option is not recommended.

Option 2 - Maintain pre-Covid level Concessionary Fare payments for the full duration of the 2022/23 financial year, should local circumstances require this.

This option is not recommended as it commits the Council to providing 100% Concessionary Fare reimbursement for the whole of the 2022/2023 financial year. This option would see NELC reimbursing Stagecoach East Midlands for services which they may not deliver in the future. This approach has been taken by North Lincolnshire Council. This option would not make any savings.

Option 3 - Maintain pre-Covid level (100%) Concessionary Fare payments for the duration of the BRG (due to end 30 September 2022) followed by the implementation of the DfT Recovery Strategy or follow any further DfT guidance/ alternative reimbursement approach.

This option is likely to minimise any service reductions between 1 April 2022 and 30 September 2022. By making reductions to concessionary payments will accelerate the need to make service changes. Services which are likely to be affected are the ones with lower passenger numbers and/or high proportions of concessionary passengers. The earlier in the year we are forced to make the review of services, the less time we are giving for the recovery of passenger growth on the local bus network.

DfT announced on 2 March 2022 an extension to BRG for a further six months (currently due to end September 2022). This option will help to maintain the existing bus network, maintain services for local bus passengers and help NELC and Stagecoach East Midlands to plan any future changes to the local bus network later in the 2022/2023 financial year (likely to be around September or October 2022). This is the recommended option and a further Concessionary Fares Officer Decision Record will be presented between August 2022 and September 2022 should the DfT BRG be withdrawn in September 2022.

Between April 2022 and September 2022, this option would not generate any savings. Any savings post September 2022 would be dependent upon the future reimbursement approach taken.

Option 4 – Maintain 100% pre-COVID-19 Concessionary Fare Reimbursement for 3 months followed by 95% pre-COVID-19 Concessionary Fare Reimbursement for a further three months, with a review in September 2022.

Officers understand this approach is being taken by Lincolnshire County Council but as Stagecoach East Midlands are delivering around 90% of pre COVID-19 mileage in North East Lincolnshire, this would result in Stagecoach receiving payment for some local bus services which they are not currently delivering. This option is not recommended.

Option 5 - Reimburse Stagecoach East Midlands based upon a percentage comparison against pre-COVID-19 mileage.

This option encourages Stagecoach East Midlands to operate 100% of pre-COVID-19 mileage. If Stagecoach East Midlands do not operate 100% of pre-COVID-19 mileage the Concessionary Fare payments are reflected accordingly. For example, if Stagecoach East Midlands operate 75% of pre-COVID 19 mileage, NELC would reimburse Stagecoach East Midlands 75% of the pre-COVID-19 Concessionary Fares reimbursement. If Stagecoach East Midlands continue to provide around 90% of pre COVID-19 mileage, this option could save NELC an estimated £102,000 between April 2022 and September 2022 (providing service levels do not return to 100% of pre-COVID-19 mileage).

Should the Government's BRG not continue post September 2022, it is recommended a review of the Stagecoach East Midlands 2022/2023 Concessionary Fares agreement is completed which would also incorporate a review of local bus service provision. It is anticipated the review will take place with Stagecoach East Midlands in either June 2022 or July 2022, options will be presented to the Council for consideration and for implementation in September 2022 or October 2022.

Option 6 - Follow DfT Alternative Recovery Strategy published on 29 March 2022

From 1 July 2022, a phased approach is suggested by DfT for the transition back down to actual concessionary patronage levels. If LTAs choose to follow this alternative approach, they should steadily reduce their pre-Covid concessionary payments to operators. This option may require Concessionary Fare payments at 100% from 1 April 2022 to the end of June 2022.

From 1 July 2022, DfT suggests that those LTAs who have continued to pay out concessionary fare payments at 100% of pre-Covid levels, should lower these payments to 90% of pre-Covid levels. Those LTAs who have already lowered their payments to 90% of pre-Covid levels or lower, should not reduce the amount they are already paying out to operators.

From 1 September 2022, LTAs who continue to pay out concessionary fare payments at 90% of pre-Covid levels should then lower their concessionary fare payments to

85% of pre-Covid levels. LTAs who's pre-Covid level payments are below 85% should not reduce the amount they are paying out to operators.

This approach should then continue, with LTAs lowering their concessionary fare payments by 5% at the start of November 2022, January 2023, and March 2023 until realignment with actual patronage levels. However, when considering current patronage levels and average forecast levels, it is predicted that concessionary reimbursement payments will align with actual patronage levels by early 2023. This option is not recommended due to the potential negative impact upon the local bus network.

7. Background documents considered (web links to be included and copies of documents provided for publishing)

16 February 2022 Cabinet Report –

<https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/9.-Concessionary-Fares-Scheme.pdf>

8. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

N/A

9. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

N/A

10. Monitoring Officer Comments (Monitoring Officer or nominee)

The above decision is consistent with the expressed will of Cabinet.

11. Section 151 Officer Comments (Deputy S151 Officer or nominee)

The cost of providing the additional support to local bus services for the period outlined will be met through the Bus Recovery government grant.

12. Human Resource Comments (Head of People and Culture or nominee)

There are no HR implications arising from this report

13. Risk Assessment (in accordance with the Report Writing Guide)

As the bus industry recovers from the impact of the COVID-19 pandemic, the proposed phased reduction of concessionary fare payments may lead bus operators to review local bus service provision especially if passenger numbers locally do not return to pre-Covid-19 levels. Should the need for service changes arise, it is expected local bus operators will discuss any proposals with NELC in advance of registering any changes. It should be noted, concessionary fare payments reimburse bus operators for carriage of eligible bus passengers to travel on locally registered bus services for free, concessionary fare reimbursement is not, and cannot be, bus service subsidy. The concessionary fares scheme contributes towards the social, economic and environmental well-being of the Borough, especially for older people and disabled, by encouraging use of sustainable modes of travel and increasing accessibility to health, education, employment, shopping and leisure.

14. Has the Cabinet Tracker been updated with details of this decision?**15. Decision Maker(s):**

Name: Sharon Wroot

Title: Executive Director for
Environment, Economy and
Resources

Signed: REDACTED

Dated: 04.05.22

**16. Consultation carried out with
Portfolio Holder(s):**

Name: Cllr Stewart Swinburn

Title: Portfolio Holder for Environment
and Transport

Signed: REDACTED

Dated: 4th May 2022**17. If the decision is urgent then
consultation should be carried out
with the relevant Scrutiny
Chair/Mayor/Deputy Mayor**

Name: Councillor Tom Furneaux

Title: Chair of the Economy Scrutiny
Panel

Signed: approved via email

Dated: 30th April 2022

Key Decisions are defined in the Constitution as:

A decision (whether taken collectively or individually by members) which is likely:

- (i) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards.

A decision will be considered financially significant if:

- (i) in the case of revenue expenditure, it results in the incurring of expenditure or making savings of £350,000 or greater;
- (ii) in the case of capital expenditure, the capital expenditure/savings are in excess of £350,000 or 20% of the total project cost, whichever is the greater

In determining whether a decision is significant in terms of its effect on an area comprising two or more wards, consideration shall be given to:

- (i) the number of residents/service users that will be affected in the wards concerned;
- (ii) the likely views of those affected (i.e. is the decision likely to result in substantial public interest)
- (iii) whether the decision may incur a significant social, economic or environmental risk.

APPENDIX 1 – EMAIL APPROVAL

From: Cllr Tom Furneaux (NELC) <Tom.Furneaux@nelincs.gov.uk>

Sent: 30 April 2022 20:30

To: Paul Thorpe (EQUANS) <Paul.Thorpe1@nelincs.gov.uk>; Anne Campbell (NELC) <Anne.Campbell@nelincs.gov.uk>

Subject: Re: Concessionary Travel- Alternative Recovery Strategy - ODR

Hi Paul

Yep, happy with this being progressed under special urgency.

I believe that democratic services have an electronic copy of my signature that they can use for the signing.

Many thanks

Tom

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From: Paul Thorpe (EQUANS) <Paul.Thorpe1@nelincs.gov.uk>

Sent: Thursday, April 28, 2022 8:16:17 AM

To: Cllr Tom Furneaux (NELC) <Tom.Furneaux@nelincs.gov.uk>; Anne Campbell (NELC) <Anne.Campbell@nelincs.gov.uk>

Subject: Concessionary Travel- Alternative Recovery Strategy - ODR

Cllr Furneaux,

I have attached an ODR regarding Concessionary Travel- Alternative Recovery Strategy, which has gone through monitoring officers and is being progressed with Sharon and Cllr Swinburn. The ODR is being progressed under 'special urgency' and MO supports on basis of requisite timelines and that delegated decision is clearly in line with the will of Cabinet expressed 16th Feb 22.

Would you support the ODR being progressed under 'Special Urgency, and if so, I will arranged for the signed ODR to be passed for you signature.

If you wish to discuss, please let me know.

Many thanks

Paul

Paul Thorpe

Operations Director

North East Lincolnshire

Places & Communities - NEL

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