

## CABINET

<b>DATE</b>	12 <sup>th</sup> February 2025
<b>REPORT OF</b>	Councillor Stewart Swinburn, Portfolio Holder for Housing, Infrastructure and Transport
<b>RESPONSIBLE OFFICER</b>	Carolina Borgstrom, Director for Environment, Economy, and Infrastructure
<b>SUBJECT</b>	North East Lincolnshire Council Concessionary Fares Scheme
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	CB 02/25/03

### 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 for eligible residents.

The scheme also 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 concessionary 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 3 November 2024 (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 2025 to 31 March 2026.

### RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the continuation of the current, statutory minimum North East Lincolnshire Concessionary Fares Scheme from 1 April 2025 to 31 March 2026.
2. Authorises the Director for Environment, Economy, and Infrastructure in consultation with the Portfolio Holder for Housing, Infrastructure and Transport (subject to the agreement of the Section 151 Officer), to manage and make decisions on the 2025/2026 A1274 Transport budget (secure socially necessary bus services and manage non-statutory Concessionary Fare enhancements including pre 9:30am Concessionary Travel) and ensure decisions are made

within the available transport budget.

3. Authorises the Director for Environment, Economy, and Infrastructure in consultation with the Portfolio Holder for Housing, Infrastructure and Transport to approve 2025/2026 Concessionary Fares Scheme reimbursement arrangements with transport operators.
4. Authorises the Director for Environment, Economy, and Infrastructure in consultation with the Portfolio Holder for Housing, Infrastructure and Transport to ensure that all actions necessary and ancillary to the above recommendations be completed.
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 Council (NELC) Concessionary Fares scheme will ensure 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 provides 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. 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 09:30am to 11:00pm Monday to Friday and all day on Saturday, Sunday and bank holidays). This is the statutory minimum NELC Concessionary Fares Scheme.
- 1.3 On 3 June 2024, pre 9:30am Concessionary Travel (Monday to Friday) was offered on all locally registered bus services in North East Lincolnshire. This is a non-statutory enhancement which is funded by the Bus Service Improvement Plan (BSIP). The introduction of pre 9:30am Concessionary Travel has had a positive impact on the number of Concessionary journeys in North East Lincolnshire. This is demonstrated in the graph included in Appendix A.
- 1.4 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 a resident in the TCA area.
- 1.5 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 2024/2025 the Council entered into a fixed reimbursement agreement (informed by the DfT Concessionary Fares reimbursement calculator) with the principal transport operator (Stagecoach East Midlands) for both the statutory and non-statutory elements of the concessionary travel scheme. 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.

- 1.6 In the event that local bus operators propose changes to local bus services during the 2025/2026 financial year, this report seeks approval to authorise the Director for Environment, Economy, and Infrastructure in consultation with the Portfolio Holder for Housing, Infrastructure and Transport (subject to the agreement of the Section 151 Officer), to secure those services that are considered to be socially necessary and manage all non-statutory concessionary fare enhancements within the available transport budget.
- 1.7 Under s63 Transport Act 1985, North East Lincolnshire Council has a duty to consider the delivery of socially necessary bus services. Socially necessary bus services are those that wouldn't be profitable for bus companies to run, and bus services which the local community require (e.g. late night buses, bus services to isolated rural areas or to employment sites).
- 1.8 It is proposed that NELC enters into a one-year fixed reimbursement agreement, with the principal transport operator in North East Lincolnshire, for the statutory 2025/2026 Concessionary Travel scheme. It offers certainty of budget for both parties and provides greater stability in the bus network. For smaller local bus operators with statutory Concessionary Fare claims, it is recommended NELC continue to reimburse them using the existing local reimbursement method.
- 1.9 Should sufficient funds be available to continue the non-statutory pre 9:30am Concessionary Travel, a one year fixed agreement is also proposed with the principal transport operator in North East Lincolnshire. Pre 9:30am concessions currently cost 5.6% of the overall 2024/2025 concessionary fares reimbursement budget. In the event of there being insufficient funds available (e.g. insufficient funding available from the BSIP) to continue pre 9:30am Concessionary Travel, this non-statutory enhancement would need to be withdrawn by the Council from 31 March 2025 to keep within the current budget.

## **2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES**

- 2.1 The Concessionary Fares scheme contributes towards the social, economic and environmental well-being of the borough, especially for older and disabled people, by encouraging use of sustainable modes of travel and increasing accessibility to health, education, employment, shopping and leisure.
- 2.2 Provision of the public transport concessionary fares scheme has a positive impact on social inclusion.

- 2.3 In the event of the Council being unable to agree Concessionary Fare reimbursement with the principal bus operator there is a risk that they will begin proceedings to withdraw services (or elements of services) which may be detrimental for local bus passengers.
- 2.4 Should the pre 9:30am Concessionary Travel scheme be withdrawn, this may generate complaints from Concessionary Pass Holders and withdrawal of the non-statutory enhancements may create negative media coverage. Pre 9:30am concessions currently cost 5.6% of the overall 2024/2025 concessionary fares reimbursement budget.

### 3. OTHER OPTIONS CONSIDERED

- 3.1. In addition to the recommended option identified above, the following options have been considered and are not recommended:
- 3.2. **Do nothing** – Local authorities have a legal duty to provide free bus travel for eligible pass holders to a statutory minimum level and failing to do this would mean the Council would not be discharging its legal duty.
- 3.3. **Reimburse operators based upon alternative calculation** – The DfT recommend the use of their calculator tool to inform Concessionary Fare arrangements with operators. In the event that an alternative calculation is used which returns a payment lower than the DfT guided payment, operators are likely to appeal to the Secretary of State for Transport under section 150 (1) of the Transport Act 2000.
- 3.4. **Payments based upon usage** – A ‘pay as you go’ reimbursement method is not recommended for the large volume operators. As concessionary travel is demand led, the risk of overspend is greater than with a fixed price agreement. This option may also create instability in the bus network.
- 3.5. **Reduce other (excluding pre 9:30am Concessionary Travel) non-statutory enhancements of concessionary fares scheme** – This option is not recommended. Options for non-statutory savings have been explored previously (Cabinet 21 January 2015). Following Cabinet on 21 January 2015 other elements of the scheme were reviewed and, due to their comparably low value and high impact, were not pursued.

### 4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

In the event of any changes being made to the Concessionary Travel Scheme which affect Concessionary bus passengers, a communications plan will need to be developed to ensure that reputation and communication elements are considered at an early stage.

### 5. FINANCIAL CONSIDERATIONS

- 5.1. 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.

5.2 Pre 09:30 concessions currently cost 5.6% of the overall 2024/2025 concessionary fares reimbursement budget.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

Local bus services support children and young people who due to their age may not have access to an alternative mode of transport. For example, bus services allow children and young people to access work, training and education.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

The use of public transport by concessionary pass holders as an alternative to private car use has environmental benefits including a reduced carbon footprint and improved local air quality resulting from fewer vehicles on the road.

## **8. CONSULTATION WITH SCRUTINY**

This report was considered at the Transport, Infrastructure and Strategic Housing Scrutiny Panel on 14 January 2025.

## **9. FINANCIAL IMPLICATIONS**

The costs of the Concessionary Fares Scheme are to be met from within the budget envelope for the service.

## **10. LEGAL IMPLICATIONS**

10.1. The Council, as the Local Transport Authority, is under a statutory obligation to provide free bus travel for eligible pass holders to a statutory minimum level. There is a requirement to make suitable arrangements to issue passes to entitled applicants and to reimburse operators of local bus services for revenue forgone or costs incurred.

10.2. Local authorities are free to enhance their discretionary travel schemes with locally adopted and funded policies.

10.3. The recommendations are appropriate for a scheme of this nature.

**11. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications arising from the contents of this report.

**12. WARD IMPLICATIONS**

All Wards in North East Lincolnshire are affected by this report.

**13. BACKGROUND PAPERS**

Cabinet Report (14 February 2024) North East Lincolnshire Council  
Concessionary Fares Scheme;

[9.-Concessionary-Fares-Cabinet-ReportPDF-132KBicon-namepaperclip-prefixfa.pdf](#)

**14. CONTACT OFFICER(S)**

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**Appendix A – North East Lincolnshire Concessionary Passenger Numbers**