

EXECUTIVE

14th April 2022

Report Title	Concessionary Bus Travel
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Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

Appendix A – Equalities Screening Assessment

1. Purpose of Report

- 1.1. This report seeks agreement for the arrangements for reimbursing bus operators for concessionary bus travel in 2022-23.

2. Executive Summary

- 2.1. Having reimbursed bus operators for concessionary travel at pre-Covid levels since March 2020, the Council has options on how much reimbursement should be paid in 2022-23; but any reduction in funding will impact on the level of service which operators can provide.

3. Recommendations

- 3.1. It is recommended that the Executive agree to reimburse bus operators for concessionary travel at 100% of pre-Covid levels until 30th September 2022 and then at 90% of pre-Covid levels until 31st March 2023.
- 3.2. Reason for Recommendation: To provide North Northamptonshire communities with the best possible level of bus service with post-pandemic travel patterns.
- 3.3. Alternative Options Considered: The Council could provide a lower level of concessionary reimbursement than proposed; however, this would be likely to lead to a reduction in the level of bus service for North Northamptonshire communities.

4. Report Background

- 4.1. The Council has a statutory duty under the Transport Act 2000 to reimburse bus operators for free travel by eligible older persons and disabled persons pass holders under the English National Concessionary Travel Scheme.
- 4.2. Because free travel is likely to generate additional journeys, operators are generally reimbursed a proportion of the fare that would otherwise be paid. However, for less frequent services, operators are reimbursed the full fare because of the reduced ability for passengers to make additional journeys.
- 4.3. Bus patronage has been significantly reduced during the Covid pandemic, and concessionary pass use, at 60-65% of pre-Covid levels remains significantly below overall patronage, which is at 70-75% of pre-Covid levels.
- 4.4. At Government request, the Council has been maintaining the reimbursement of bus operators for those carried free of charge with concessionary bus passes at 100% of pre-Covid levels. This required a temporary change in secondary legislation (The Mandatory Travel Concession (England) (Amendment) Regulations 2021 (SI 2021/205)).
- 4.5. Government had advised in October 2021 that 100% reimbursement would no longer be allowed after 5th April 2022, and that operators should then reimburse operators at 90% of pre-Covid levels from 6th April 2022, and then gradually decrease their reimbursement payments to bus operators by 5% every other month, until these payments meet with actual patronage levels.
- 4.6. However, Government has now advised that whilst the above remains their default approach, local authorities will be able to continue to reimburse operators at 100% of pre-Covid levels, or at some alternative level, should local circumstances require it. Further secondary legislation (The Mandatory Travel Concession (England) (Amendment) Regulations 2022 (SI 2022/284)) has been laid before Parliament and will come into force on 4th April 2022 to permit this.

5. Issues and Choices

- 5.1. The Council has a choice with regards to the rate at which it reimburses bus operators for concessionary travel after 6th April 2022. Broadly the choices are to:
- Continue to maintain payments at 100% of pre-Covid levels for the duration of the 2022/23 financial year.
 - Reduce payments on the basis outlined in section 4.5;
 - Adopt an alternative approach
- 5.2. The Council could not adopt a less favourable approach than that outlined in section 4.5 without giving operators at least four months' notice as, in accordance with Government guidance at the time, that approach was included in the draft North Northamptonshire Concessionary Travel Scheme published in December 2021, and Section 150 of the Transport Act 2000 requires that operators are given at least four months' notice of any changes. (It is assumed that operators would not object to being given less than the statutory notice should the change be more favourable).
- 5.3. With concessionary bus travel currently at around 60-65% of pre-Covid levels (lower than overall patronage recovery), it is important to recognise that any reduction in reimbursement to operators will inevitably lead to a reduction in service levels. Equally, it seems unlikely that concessionary travel will return to pre-Covid levels in the foreseeable future and, since reimbursement at pre-Covid levels is unlikely to be permitted in the longer term, an eventual reduction in reimbursement seems inevitable.
- 5.4. It is, therefore, recommended that concessionary reimbursement is maintained at 100% of pre-Covid levels until 30th September 2022 and then reduced to 90% of pre-Covid levels until 31st March 2023.

6. Next Steps

- 6.1. Bus operators will be advised of the concessionary fare reimbursement for 2022/23.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

- 7.1.1. The Council has a concessionary fares budget of £2.907m per annum. This covers both the reimbursement of operators for passengers carried free of charge, the issue of concessionary passes and the associated back-office systems. This report describes three alternative options for reimbursement of operators, all of which would achieve savings against the allocated budget, as described in the table below. These figures include an allowance for new operators who have either started or expanded their operations since before

the pandemic, and for some new subsidised services being introduced which would require additional reimbursement.

Option	2022/23 cost	Saving
Budget available	£2.907m	-
Option A: Reimbursement at 100% of pre-Covid levels for full year	£2.838m	-£0.069m
Option B: Reimbursement at 100% of pre-Covid levels for six months, then 90%	£2.701m	-£0.206m
Option C: Reimbursement at 90% of pre-Covid levels from 6 April, then stepped down by 5% every other month until actual levels reached.	>£2.223m	<£0.684m

7.1.2. It should be noted that the full savings for Option C would only be realised if concessionary fares loadings remained below 65% of pre-Covid levels by February and March 2023 and it is likely that by this time they will have recovered to above this level, however, owing to the uncertainty of what would happen, a value cannot be predicted. There is, however, confidence that the 90% figure would not be breached during 2022/23.

7.1.3. It should be noted that:

- Along with revenue from fare-paying passengers, concessionary fares reimbursement forms part of the revenue for subsidised services funded by the Council which helps to offset the costs of providing the service. Any reduction in the rate of concessionary reimbursement may reduce the revenue for these subsidised services meaning that the available budget will not go as far.
- The savings in the concessionary fares budget may not be sustained in the longer-term, even if patronage does not recover, as for most services operators only receive a proportion of the fare that a passenger would have paid to allow for the extra patronage generated by free travel. The reduction is based on a figure determined by Government, and it is likely that if the reduction in patronage is sustained in future years, Government would recalculate this figure, therefore increasing the reimbursement received by operators.

7.2. Legal and Governance

7.2.1. The Council's duties for the issuing of concessionary bus passes and the reimbursement of bus operators under the English National Concessionary Travel Scheme are set out in the Transport Act 2000 (as amended by the Concessionary Bus Travel Act 2007) and related secondary legislation. The recommended approach for reimbursing operators proposed in this report is in accordance with this legislation and guidance issued by Government.

7.3. Relevant Policies and Plans

7.3.1. The proposal will assist the Council in meeting the priorities in the Corporate Plan around:

- Safe and Thriving Places
 - Enable people to travel across North Northamptonshire and beyond
- Green, sustainable Environment
 - Demonstrate clear leadership on tackling environmental sustainability
 - Promote sustainable, active travel

7.3.2. The proposal will assist the Council in delivering the objectives of the Northamptonshire Transportation Plan (the Council's Local Transport Plan), which the Council has a statutory duty to deliver, and the Bus Service Improvement Plan.

7.4. Risk

7.4.1. There are no significant risks arising from the proposed recommendations in this report.

7.5. Consultation

7.5.1. Due to the late nature of the advice of the new regulations by the Department of Transport, no formal consultation has been undertaken on this proposal.

7.5.2. Bus operators were advised of the Council's intention to adopt the approach outlined in section 4.5 above, in line with then current Government guidance, when the draft North Northamptonshire Concessionary Travel Scheme was published in December 2021. While no operators indicated an intention to appeal to the Secretary of State, as allowed by the legislation, they did indicate that the consequent reduction in income was likely to impact service levels. It can therefore be anticipated that they will welcome the approach outlined in this report.

7.6. Consideration by Executive Advisory Panel

7.6.1. The Environment, Growth and Climate Change Executive Advisory Panel has not specifically covered concessionary bus travel as part of its work considering the development of the Bus Service Improvement Plan and the Enhanced Partnership, but may wish to do so in future.

7.7. Consideration by Scrutiny

- 7.7.1. Not applicable at this stage. The Scrutiny Commission may choose to consider concessionary bus travel or bus services more generally in future.

7.8. Equality Implications

- 7.8.1. An Equalities Screening Assessment has been prepared and can be found at **Appendix A**.
- 7.8.2. The recommendation in this report will benefit all bus users or potential bus users across North Northamptonshire. They will be of proportionately greater benefit to the older age groups, those with disabilities, particularly those who are unable to drive, and those who are pregnant or using pushchairs, those with certain health problems and those on low incomes, who use buses proportionately more than the wider community. There are no identified negative impacts on the nine protected characteristics within the Equalities Act 2010.

7.9. Climate Impact

- 7.9.1. The proposals in this report should have a positive climate/environmental impact through maintaining and hopefully increasing bus use and reducing car use.

7.10. Community Impact

- 7.10.1. The proposals in this report reduce the risk that communities in North Northamptonshire will lose their bus service.

7.11. Crime and Disorder Impact

- 7.11.1. No apparent impact.

8. Background Papers

- 8.1. Transport Act 2000 (as amended by Concessionary Bus Travel Act 2007)