

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	13 March 2023
Title:	Concessionary Travel Reimbursement Update
Report From:	Director of Universal Services

Contact name: Caroline Mekky

Tel: 03707 794627

Email: caroline.mekky@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to seek an amendment to the draft Concessionary Travel Scheme, published on 1 Dec 2022 for 2023/2024.

Recommendations

2. That the Executive Lead Member for Universal Services approves a revised approach to concessionary fares reimbursement for local bus operators from 1 April 2023 until 31 March 2024, where reimbursement levels are based on the percentage of pre-COVID bus network that operators provide.
3. That the Executive Lead Member for Universal Services approves that up to £1.2 million per annum in 2022/23 and 2023/4 of the expected concessionary fares underspend be ringfenced to be used to support local bus services and related infrastructure in Hampshire.
4. That the Executive Lead Member for Universal Services delegates authority to the Director of Universal Services, in consultation with the Executive Lead Member of Universal Services and the Assistant Director for Legal Services and Monitoring Officer to determine the specific mechanisms through which the ringfenced sums are allocated to support local bus services and related infrastructure in Hampshire, based on the principles outlined in this report.

Executive Summary

5. This paper seeks to set out the rationale for proposing to amend the approach to concessionary fare reimbursement payments for local bus operators between 1 April 2023 and 31 March 2024 that was approved by the Executive Member for Highways Operations on 7 November 2022.
6. The proposed amended approach would see the County Council reverting to reimbursing bus operators based on the percentage of pre-COVID bus network they provide. This is the same approach as the Council has taken in 2021/22 and 2022/23

7. Consistent with DfT guidance issued on 29 November 2022, the proposed amended approach would also see the County Council potentially ringfence up to £1.2million per annum in 2022/23 and 2023/24 of the expected concessionary fares underspend to provide additional funding to Hampshire's local bus operators within existing County Council budgetary resources, to allow time for patronage levels to further recover and seek to protect as much of the existing bus network from further contraction as is possible.
8. This potential ringfenced funding would help protect Hampshire's bus network from the worst impacts of the current challenging financial environment. The aim of the funding would be to assist operators to maintain as much of the existing network as is possible to continue to grow back patronage. This funding would be especially impactful for the existing 'at risk' bus services for which additional short-term funding will provide time for patronage to increase, making it likely that the bus service will return to commercial viability once more.
9. This potential ringfenced funding would also allow operators to capitalise on any growth in patronage generated by the Government's £2 fare cap initiative, mitigate the impact of inflationary pressures, and allow operators more flexibility to address industry wide driver shortages.

Contextual information

10. In 2022/2023, the Hampshire Scheme reimbursed operators based on the percentage of pre-COVID bus network an operator provides in line with the DfT guidance, as outlined in the Decision Day report on 12 May 2022: Concessionary Fares Reimbursement 2022/23 Update.
11. On 7 November 2022, the Executive Member for Highways Operations approved the publication of the draft Concessionary Travel Scheme, which outlined, that in the absence of new DfT guidance, the Scheme would revert to normalising operator reimbursement payments for concessionary travel in 2023/24.
12. Local Transport Authorities have now received revised guidance from the DfT (29 November 2022) in which the DfT asks 'Local Transport Authorities to continue to pay concessionary fare payments to operators at pre-Covid levels, until the end of the 2023/24 financial year', or that where this is believed not to be appropriate, that Local Transport Authorities 'retain the funding within the wider supported bus sector – for example through greater support for tendered bus services.'
13. DfT has also indicated that it plans to lay a Statutory Instrument, to extend the removal of the 'no better and no worse off' element from the concessionary reimbursement regulations until March 2024. This key principle means that operators are no better and no worse off as a result of the English National Concessionary Travel Scheme. This will allow Local Authorities discretion in reimbursing operators above actual patronage levels for the English National Concessionary Travel Scheme (ENCTS) for a further year.
14. The proposed amended approach would see the County Council reverting to reimbursing bus operators based on the percentage of pre-COVID-19 bus network that an operator provides. As an example, this would see an operator running 80% of the services which they were providing during 2019/20 receiving

80% of the concessionary fares reimbursement which they received during 2019/20.

15. This is the approach to reimbursement adopted by the Council in 2021/22 and 2022/23. This is an equitable approach to operator reimbursement, however current forecasted spend for 2022/23 identifies that this is expected to result in a budgetary underspend, which will not 'retain the funding within the wider supported bus sector'.
16. It is forecasted that for 2022/23 this underspend will amount to around £1.2million. Given that this is a demand led budget, the final underspend will not be determined until year end. It is for this reason that this report proposes to ringfence up to £1.2million rather than a specific figure.
17. This underspend has occurred where the reimbursement payments made to bus companies in Hampshire for the use of concessionary bus passes on their services have reduced as a result of the pandemic. This is because some bus operators are operating less service than they were pre-Covid-19 and the Council reimburses bus companies for use of concessionary passes based on the percentage of pre-covid network miles they operate.
18. This report proposes that this mechanism of reimbursement continues into 2023/24 and therefore it is reasonable to assume that, even with an allowance made for gradual patronage recovery, there will also be an underspend in 2023/24. It is anticipated that the underspend in 2023/24 will be lower than that of 2022/23 due to this patronage recovery and the measures that would be taken should the underspend be ringfenced.
19. Funding for the concessionary fare scheme in Hampshire is deemed to be part of the Council's wider annual Local Government Finance Settlement and therefore there is not specific grant funding. However, the DfT has indicated that a decline in concessionary bus usage could potentially be reflected in the long-term in a decline in this Settlement, although there has been no indication of how this would be done. Utilising the full budget allocation to support the Hampshire bus network in 2023/24 would aid operators to grow back patronage lost through the impacts of the pandemic.
20. With a view to this, it is proposed that up to £1.2million per annum in 2022/23 and 2023/24 of the expected concessionary fares underspend is ringfenced and used to support local bus services and related infrastructure in Hampshire.
21. Exact details of the mechanism by which this would be spent would be delegated the Director of Universal Services, in consultation with the Executive Lead Member of Universal Services and Assistant Director of Legal Services and Monitoring Officer.
22. It is proposed that the mechanism would follow the principles below;
 - a. The ringfenced sums would only be used for services, projects, schemes and infrastructure that meet the aims and objectives set out in Hampshire's Bus Services Improvement Plan and therefore could be proven to provide a direct benefit to bus users in Hampshire.
 - b. Any spend would be focused on retaining commercial bus services that would otherwise be lost from the network, or those which are at risk of being

reduced. Spend in this area would include any activity which would increase patronage including but not limited to, promotion, improvements to bus related infrastructure and information, and providing stability within the network.

- c. Recognising that as any potential underspend from the Concessionary Fares budget is short term due to its demand led nature, spend from the ring fenced pot would only be able to be used to support short term or one-off projects, schemes or infrastructure.

23. For robustness, any mechanism developed to allocate this funding would be reviewed by the County Council's Audit Officers.

Finance

24. Operator re-imbursement payments account for the most significant part of the Concessionary Fares budget and are made by the County Council as advised by consultants who process these claims from operators in accordance with the scheme detail on behalf of the Council. The forecasted demand for concessionary travel for 2023/24 remains lower than pre-covid levels and is affordable within the existing concessionary fares budget allocation.

25. As this is a demand led budget, it is proposed that the actual underspend for 2022/23, up to a maximum of £1.2million, is ringfenced for spend in 2023/24, and similarly the actual underspend for 2023/24, again up to a maximum of £1.2million, is ringfenced for spend in 2024/25.

26. The recovery of bus patronage by concessionary pass holders is currently between 60-80% of pre-covid levels, which is reflected in the lower scheme budget for 2023/24 compared with previous years. The budget could not be further reduced as the demand on this budget is expected to increase over the next few years and therefore the forecast underspend is expected to be short-term. Any recovery of concessionary pass holder usage of the bus network would reduce the underspend available to be ringfenced for reinvestment, but would instead play an important role in directly helping to support the wider bus network and benefits thereof.

Consultation and Equalities

27. The proposal to make changes to the scheme is intended to support the wider bus network thus mitigating some of the impacts raised previously in the Concessionary Fares and Community Transport Contract Payments report approved by the Executive Member for Highways Operations on 27 January 2022.

28. Specifically, this seeks to minimise the reduction in local bus provision which could have a negative impact on groups with the protected characteristics of age, gender, disability and race, that are proportionally more reliant on off-peak and rural bus networks for accessing services. The proposals will also minimise the impact on the characteristic of religion or belief, which might have been

impacted in relation to attending a place of worship on a Sunday, when bus services may be more limited.

Climate Change Impact Assessments

29. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
30. The tools to assess specific impacts on climate change adaption and mitigation were not considered applicable to the publication of the Concessionary Travel Scheme 2023/24 as it has no physical infrastructure component and is focused solely on the concessions that are to be provided to bus pass holders rather than delivery. However, the Concessionary Travel Scheme administered by Hampshire County Council is a mechanism which incentivises eligible individuals to make journeys using local bus, which when undertaken as an alternative to using a private vehicle is considered an effective approach towards carbon reduction.

Conclusions

31. The recommendations within this report would contribute towards maintaining as much of the existing bus network in Hampshire as is possible which would allow some time for bus patronage to recover towards pre-pandemic levels.
32. The recommendations set out in this report would provide continued support to the bus industry in Hampshire promoting the longer-term resilience of this sector contributing to the economic recovery from the COVID-19 pandemic. The recommendation is consistent with the latest advice from the DfT and would be within existing budgetary provision. By continuing to provide vital support to the bus industry at this time, the County Council is maintaining positive and productive partnership working between transport operators and Hampshire County Council.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Concessionary Fares Reimbursement 2022/23 Update	<u>Date</u> 12 May 2022
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The proposal to make changes to the scheme is intended to support the wider bus network thus mitigating some of the impacts raised previously in the Concessionary Fares and Community Transport Contract Payments report approved by the Executive Member for Highways Operations on 27 January 2022.

Specifically, this seeks to minimise the reduction in local bus provision which could have a negative impact on groups with the protected characteristics of age, gender, disability and race, that are proportionally more reliant on off-peak and rural bus networks for accessing services. The proposals will also minimise the impact on the characteristic of religion or belief, which might have been impacted in relation to attending a place of worship on a Sunday, when bus services may be more limited.