

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Economy, Transport and Environment
<b>Date:</b>	11 March 2021
<b>Title:</b>	Passenger Transport Contracts and Concessionary Fares Payments
<b>Report From:</b>	Director of Economy, Transport and Environment

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### Purpose of this Report

1. This report updates and modifies the arrangements put in place by a decision made by the Executive Member for Economy, Transport and Environment on 19 November 2020 on the same subject. The current arrangements are due to expire on 31 March 2021.
2. The purpose of this report is to seek agreement to make amended concessionary fares reimbursement payments to local bus operators for the period 1 April 2021 to 30 September 2021 in the light of the latest Department for Transport guidance.
3. The report seeks agreement to continue the existing policy of paying 100% concessionary fares payments to Community Transport operators.
4. The report also seeks agreement to extend the existing policies of paying 100% local bus and Community Transport contract payments, and 80% contract and concessionary fares payments to taxi-share operators.
5. The report outlines additional financial support to assist Community Transport operators in the recovery and operation of their services until 30 September 2021 in view of the loss of user income which they continue to experience as a result of COVID-19.

### Recommendations

6. That the Executive Member for Economy, Transport and Environment gives authority to make concessionary fares reimbursement payments to local bus operators from 1 April 2021 to 30 September 2021 based on the percentage of the pre-COVID bus network that they operate during the period, in line with the latest Department for Transport (DfT) guidance (issued on 13 January 2021), to be met from existing budgets.
7. That the Executive Member for Economy, Transport and Environment gives authority to extend the current policy of making 100% local bus and Community Transport contract payments to operators, 100% concessionary travel payments

to community transport operators and 80% contract and concessionary travel payments to Taxi-share operators, to cover the period from 1 April 2021 to 30 September 2021, to be met from existing budgets.

8. That the Executive Member for Economy, Transport and Environment gives authority to revert to pre-COVID payment arrangements for Taxi-share services as soon as social distancing requirements are able to be safely removed and services are able to return to pre-COVID service.
9. That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Economy, Transport and Environment, to make amendments to the payment arrangements before 30 September 2021 if COVID related restrictions are significantly reduced and local bus and community transport services are able to safely return to pre-COVID levels, in line with any guidance issued by the DfT.

### **Executive Summary**

10. This report proposes that in line with the latest DfT guidance, concessionary fares reimbursement payments to local bus operators should reflect the percentage of the pre-COVID 19 level of network they provide, rather than the existing policy of reimbursement at 100% of pre-COVID 19 levels, for the six-month period from 1 April 2021.
11. The report also proposes that concessionary fares reimbursement payments to Community Transport operators and tendered contract payments to local bus operators and Community Transport operators remain at 100% of pre-COVID levels for the six-month period from 1 April 2021.
12. This report also proposes extending the current policy of paying Taxi-share operators (contract and concessionary travel payments) at 80% of the funding levels provided before any downturn in service provision or patronage, from 1 April 2021 to 30 September 2021 to provide continuity for the users of these services, in accordance with government guidance and ongoing messaging from the Department for Transport.
13. The proposed funding extensions will be in addition to Exceptional Cost Payments to Community Transport operators, available through application with supporting evidence to assist with any service adjustments needed in recovering a service and any lost user income.
14. These proposals will contribute to Hampshire's economic growth as recovery progresses, enabling passengers to access their place of employment in addition to health, retail, social, educational and leisure facilities.
15. These proposals contribute towards Hampshire's strategic aim of enabling its residents to live safe, healthy and independent lives.
16. The proposed change to concessionary fares reimbursement payments may result in a saving to the County Council's concessionary fares budget for 2021/22, depending on the level of bus network provided by operators.

## **Contextual information**

17. In line with Cabinet Office and DfT guidance and Procurement Policy Notes, the County Council and its funding partners (a number of district councils) committed to maintaining full contract and concessionary travel payments to operators of local bus and community transport services and 80% payments to taxi-share operators for the period to 31 March 2021, as a result of the impact of the COVID-19 pandemic on local transport services. On 15 January 2021, DfT issued revised guidance on how Local Transport Authorities should reimburse local bus operators for concessionary fares.
18. There are still many variables affecting the numbers of people returning to passenger transport services which continue to impact on the ability of transport operators to return to financial viability. These include lockdowns and tiered restrictions, the speed of the vaccination programme, social distancing restrictions, the publication of the Government's National Bus Strategy due in 2021 and the ongoing level of financial support provided by the DfT for local bus services.
19. The approach recommended in this report takes the latest guidance into account and proposes a way forward to 30 September 2021, which will provide certainty for operators of local bus, Community Transport and taxi-share services. It also provides financial certainty for the County Council and may deliver a cost saving on the concessionary fares budget for 2021/22.
20. Each of the current supported service areas is now considered in turn where further information on current operations is provided.

## **Local Bus**

21. Usage of local bus services is estimated to be down by approximately 70-80% due to the Government's advice over the lockdown period for the public to avoid any non-essential travel and the continued advice to work from home where possible.
22. Local bus services supported by the Council are now in most cases operating at a frequency of between 90-100% of pre-COVID levels. Therefore, the support offered by the County Council is between 10% and 0% depending on the contract.
23. The maintenance of 100% contract payments supports the sector to enable operators to continue with this approach and provide the capacity required to meet demand. This capacity is particularly important to provide for critical workers, essential journeys and for school and college transport.

## **Taxi-share Services**

24. As the first lockdown eased, the Taxi-share services saw steady growth from a low of circa 13% and usage was again extremely low during the January 2021 lockdown.
25. Recovery is slower on these services in comparison to local bus for a number of reasons. Firstly, following guidance from Public Health, capacity is limited to one person per journey. Secondly, generally these services are used by passengers to access retail, not employment. Thirdly, these services are predominately

used by concessionary pass holders, many of whom may fall into the vulnerable category and therefore may still be reluctant to use public transport.

26. The maintenance of 80% contract and concessionary travel reimbursement payments supports the taxi-share operators to continue providing services, so that services will be still available as restrictions ease.
27. The DfT has indicated that it will publish guidance on the transitional arrangements for how Local Authorities should cease financial support, provided through the CBSSG programme, for local bus services. Taxishare services are not eligible for this support and therefore, the final recommendation seeks authority for the proposed different approach.

### **Community Transport Services**

28. Community Transport operators have continued to provide services since the start of COVID-19 although these have taken different forms in response to the different stages of the pandemic. These have ranged from operators offering their normal services, through to resources being focused on supporting users in other ways, e.g. taking essential services like prescriptions and shopping to them. Currently, services are focused on transport to health appointments and vaccinations.
29. The recovery of these services has gone through various cycles with journey numbers rising and falling in response to the changing circumstances of the pandemic although numbers have been significantly lower than for the same period during 2019. The recovery of the Minibus Group Hire schemes has proved very challenging due to social distancing requirements.
30. Many of these services are jointly funded with partners and during the COVID-19 period, full payments to operators have been maintained and it is now proposed that these arrangements continue into the 2021/22 financial year. This will allow work to recover these services to continue, ensuring the financial sustainability of operators to continue in the longer term.
31. Even with the Council and its funding partners maintaining these payments, operators are unlikely to be able to cover the overall cost of operating their services due to the lower user income, a situation which is likely to continue whilst social distancing remains in place.
32. The financial shortfall faced by Community Transport operators can be supported through the Exceptional Cost Payment process under the terms of the current contract provision. This allows operators to apply for and receive additional payments to cover any additional expenditure or reduced income due to factors outside their control in relation to the operation of a contract. This should ensure the longer-term sustainability of the sector and these services.

### **Concessionary Travel**

33. In line with government guidelines the County Council has continued to make full Concessionary Fares payments to Local Bus and Community Transport operators based on the average payments which operators received for 2019/20. Payments to operators of taxi-shares have been made at 80% of the payment levels which they received for 2019/20.

34. The most recent government guidance suggests that local authorities can take a slightly different approach for the coming financial year in respect of concessionary travel payments to local bus operators. Whilst using the average reimbursement levels which operators received in 2019/20 as the starting point, the guidance suggests that the payments to operators can now reflect any reduction in network services that operators are now providing. For example, if an operator is now only providing 80% of the services which they were providing during 2019/20, then payments would be based on 80% of the concessionary travel reimbursement which they received during 2019/20.
35. The principle of the funding packages provided by the DfT since the outset of the pandemic has been that operators should be no better or no worse off as a result of COVID-19. As a result, their advice sets out that any shortfall in income which operators experience as a result of this proposed change in approach can be claimed through the Coronavirus Bus Service Support Grant (CBSSG). Should this approach be approved, operators will factor this shortfall into their claims from the DfT. It is proposed that the council should adopt this approach for the period 1 April to 30 September 2021.
36. Concessionary Fares payments to Community Transport operators will continue to be based on the average payments which operators received for 2019/20. Payments to taxi-share operators will continue to be made at 80% of the average payments which operators received for 2019/20.
37. During COVID-19, there have been a number of temporary changes to the scheme so that people with an Older Person's bus pass could use bus services before 9.30am on weekdays, which has supported key workers, people accessing vaccine appointments, health appointments and essential shopping.

## Finance

38. The proposals in this report have no adverse budgetary impacts on the existing budgets for passenger transport services. Payments will continue to be funded through the Local Bus, Community Transport and Concessionary Fares budgets. The Exceptional Cost payments to Community Transport operators can also be paid from these budgets for the six-month period from 1 April 2021.
39. As a result of following DfT guidance on Concessionary Fares payments to local bus operators, the proposals may result in be a saving to the Concessionary Fares budget. Any saving will depend on the level of bus service network operated.
40. The table below sets out the existing and proposed contract payment and concessionary fare reimbursement arrangements.

<b>Service</b>	<b>Existing Contract payments</b>	<b>Proposed Contract Payments 1/4/21-30/9/21</b>	<b>Existing Concessionary Fare Reimbursement</b>	<b>Proposed Concessionary Fare Reimbursement 1/4/21-30/9/21</b>

Community Transport	100% of pre-COVID levels	100% of pre-COVID levels	100% of pre-COVID levels	100% of pre-COVID levels
Local Bus	100% of pre-COVID levels	100% of pre-COVID levels	100% of pre-COVID levels	The same % as the level of pre-COVID service that is being provided
Taxishare Services	80% of pre-COVID levels	80% of pre-COVID levels	80% of pre-COVID levels	80% of pre-COVID levels

## Procurement

41. A variation has been made to the local bus, community transport and taxi-share contracts to enable the Council to give relief to the operator on the basis that the operators have experienced COVID-19 related hardship. It is proposed that these variations are extended in order to enable the County Council to continue with the financial support outlined in this report.

## Due Diligence for Ongoing Payments to Passenger Transport Operators

42. The government advice within the Procurement Policy Notices (PPNs) sets out the principle that when suppliers accept financial support from a local authority they are agreeing to operate on an “open book basis” and therefore will provide evidence that a profit is not being generated as a result of this financial support.

43. The variation mentioned above sets out this principle within the contracts held by operators of local bus, community transport and taxi share services.

## Future Arrangements

44. The County Council is working within the Local Resilience Forum Public Transport Sub-Group. This group comprises representatives from bus and rail operators and a number of neighbouring local authorities.

45. The group is developing a short, medium and long term Recovery Plan for bus services to aid the sector’s recovery and to build back the commercial bus network to pre-COVID levels. Part of the work focuses on reducing the reliance of the bus network on public subsidy.

## Equalities Impact Assessment

46. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the County Council’s equality objectives. Under the proposals in this report, contract and concessionary fares payments to operators remain unchanged for the remainder of this financial year and therefore there will be no further impact upon those groups with protected characteristics.

## **Climate Change Impact Assessments**

47. 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.
48. The continuation of payments to public and community transport operators has helped to maintain public and community transport services and capacity during the lockdown, which supports the County Council's climate change priorities. The tools to assess specific impacts on climate change adaptation and mitigation were utilised and found not to be applicable on the grounds that the decision relates to funding recommendations which protect capacity and operation of public and community transport, and therefore these provisions are not subject to climate variables.

## **Conclusions**

49. The proposals set out in this report provide continued support to the bus industry in Hampshire and will help ensure the longer-term sustainability of the Community Transport sector. They also enable the County Council to assist the economic recovery from the COVID-19 pandemic in Hampshire.
50. The proposals are consistent with the latest advice from the Department for Transport and have no adverse budgetary impacts on the County Council. By continuing to provide vital support to the bus industry and Community Transport sector 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**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Passenger Transport Contracts and Concessionary Fares Payments	<u>Date</u> 19 November 2020
<b>Direct links to specific legislation or Government Directives</b>	
<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 proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the County Council's equality objectives. Under the proposals in this report, contract and concessionary fares payments to operators are maintained until 30 September 2021 and therefore there will be no further impact upon those groups with protected characteristics.