

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Highways Operations
<b>Date:</b>	27 January 2022
<b>Title:</b>	Concessionary Fares and Community Transport Contract Payments
<b>Report From:</b>	Director of Economy, Transport and Environment

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### Purpose of this Report

1. The purpose of this report is to seek agreement to make amended concessionary fares reimbursement payments to local bus and community transport operators for the period 1 April 2022 to 31 March 2023 in the light of the latest Department for Transport (DfT) guidance.
2. This report is to seek agreement to extend the existing arrangements of 100% contract payments to community transport operators until 31 March 2023 to allow enough time for these services to recover fully in view of the impact of COVID-19 and for an analysis of demand to be carried out and applied to future service provision.

### Recommendations

3. That the Executive Member for Highways Operations gives authority to make concessionary fares reimbursement payments to local bus and community transport operators from 1 April 2022 to 31 March 2023 based on a phased approach for the transition back down to actual concessionary patronage levels, in line with the latest Department for Transport (DfT) guidance (issued October 2021), to be met from existing budgets.
4. That the Executive Member for Highways Operations gives authority to extend the current arrangements of making 100% Community Transport contract payments to operators, to cover the period from 1 April 2022 to 31 March 2023, to be met from existing budgets.

## Executive Summary

5. This paper seeks to:
  - set out the guidance issued by the DfT and the County Council's corresponding proposed approach to the reimbursement of operators under the Concessionary Travel Scheme; and
  - set out the approach to contract payments for Community Transport operators over the twelve months from 1 April 2022.

## Contextual information

### Concessionary Fare Reimbursement

6. Whilst there are encouraging signs of recovery of local bus services in Hampshire, there are still between 20% and 35% fewer passengers travelling than before the pandemic.
7. In line with current DfT guidance, the County Council is currently reimbursing local bus operators for passengers travelling with a concessionary bus pass based on the percentage pre-COVID-19 bus network that an operator provides. For example, if an operator is 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.
8. The DfT has issued Covid-19 Recovery Guidance: Concessionary Fares Funding, October 2021. This guidance outlines a phased approach for 2022-23, to facilitate the transition back down to actual concessionary patronage levels, which initially asks Concessionary Travel Authorities (CTAs) to pay concessionary fares at 90% of pre-Covid levels in April 2022. It is then proposed that authorities should gradually decrease their reimbursement payments to bus operators by 5% every other month until these payments meet with actual patronage levels.
9. The DfT guidance suggests this policy comes into effect from 6 April 2022. However, as the Scheme year starts on 1st April, it is proposed that the scheme applies to any agreed payment procedures from 1 April 2022.
10. The Statutory Instrument (SI), which temporarily removed the requirement that authorities should not leave an operator financially better off as a result of providing a concession, expires at the end of this financial year. The DfT is actively working to extend this SI until the end of the 2022/23 financial year, 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. Implementation of the DfT guidance is conditional upon the extension of the Statutory Instrument.
11. Should the SI not be extended, it is proposed that the County Council would revert to reimbursing bus operators based on the actual number of concessionary pass holding passengers travelling, which would be the only approach allowed under the legislation. This scenario is very unlikely due to the negative impact this would have firstly to the bus industry across the country, as the DfT guidance (issued October 2021) would not be able to be introduced, and secondly to the potential outcomes of the Government's National Bus Strategy.

12. The current arrangement for supporting bus operators provides a subsidy to help mitigate the impact of Covid-19 on passenger numbers. Reducing this support, alongside reduced passenger numbers and potential reductions in support for bus operators from central Government, is likely to result in a pressure on bus operators which may lead to reduced viability of some bus services, leading in turn to some contraction of bus services in Hampshire.
13. This report proposes that the reimbursement of concessionary travel for Community Transport services, an enhancement to the statutory national scheme, is also carried out in line with that of bus operators. This is a departure from the previous approach of reimbursing Community Transport operators based on 100% of their pre-Covid reimbursement.
14. This approach is being proposed to ensure consistency in how concessionary fare reimbursement is managed as we recover further from the pandemic.

#### Community Transport Operations

15. Recovery of these services has been slower than seen on public bus. This was to be expected given the user profile of these services with a higher proportion of users falling within the “at risk” categories.
16. This report proposes the continuation of existing arrangements with regards to the contract payments for Community Transport Services for a further year.
17. Even with the County Council and its funding partners maintaining these payments, operators are unlikely to be able to cover all their service costs due to lower user income, a situation which is likely to continue until travel patterns reflect an increase in passenger confidence. The resulting financial shortfall faced by Community Transport operators can be supported through the Exceptional Cost Payment process under the terms of the current contract provision.
18. Long term, the County Council recognises that this arrangement cannot continue indefinitely. As such, it proposes to use the next twelve months to further recover passenger numbers, consult with users and assess a revised level of service provision which would adequately meet post-Covid demand.
19. Should this result in proposed changes to the existing service levels, a further report will be presented for consideration by the Executive Member.

#### Finance

20. There will be no budget pressures created from the phased approach to concessionary fares reimbursement payments.

21. The table below sets out the arrangements for each service

<b>Service</b>	<b>Existing Contract Payments</b>	<b>Existing Concessionary Fares Payment</b>	<b>Proposed Contract Payments</b>	<b>Proposed Concessionary Fares Payment</b>
Local Bus	BAU – based on the service provided	The same % as the level of pre-COVID service that is being provided	No change	Transition to payments based on the actual number of passengers travelling.
Community Transport	100% of contract payment regardless of service provided	100% of pre-COVID reimbursement	No change	Transition to payments based on the actual number of passengers travelling.

**Performance**

- 22. A variation has been made to the local bus and community transport 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.
- 23. Government advice 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.
- 24. The variation mentioned above sets out this principle within the contracts held by operators of local bus and community transport services.

**Consultation and Equalities**

- 25. 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.
- 26. The proposals in this report outline a phased approach to reducing concessionary fares reimbursement payments to local bus and community transport operators. This may lead to a possible 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. Also potentially the characteristic of religion or belief may be impacted in relation to attending a place of worship on a Sunday, when bus services may be more limited.

27. Although not statutory protected characteristics, the proposals may also have a negative impact on those affected by poverty and rurality, due to potentially reduced bus services.
28. The proposal to facilitate the transition back down to reimbursing actual concessionary patronage levels avoids any immediate cliff edge impacts, allowing time for patronage levels to recover to what may in the longer term be considered the 'new normal' and helping to mitigate any negative impact that may arise.

### **Climate Change Impact Assessments**

29. The County Council's payment arrangements for public and community transport operators have helped to maintain public and community transport services and capacity during the lockdown, which supports the County Council's climate change priorities. The County Council's positive approach to maintaining local bus and Community Transport services throughout the pandemic means that public transport alternatives to the private car have continued to be provided by operators with an associated minimisation and reduction of carbon emissions. By continuing this support, the County Council is able to promote public transport as a viable alternative to the private car for many people, helping to support a green economic recovery as we emerge from the pandemic.

### **Conclusions**

30. The proposals set out in this report provide continued support to the bus industry in Hampshire and will help ensure the longer-term resilience of the Community Transport sector. They also enable the County Council to assist the economic recovery from the COVID-19 pandemic in Hampshire.
31. 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**

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/no
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<a href="#">Publication of the Hampshire Concessionary Travel Scheme 2022-23-2021-11-18-EMETE Decision Day (hants.gov.uk)</a>	<u>Date</u> 18 Nov 2021
<a href="#">Passenger Transport Contracts and Concessionary Fares Payments-2021-03-11-EMETE Decision Day (hants.gov.uk)</a>	11 March 2021
<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:**

2.1 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.

2.2 The proposals in this report outline a phased approach to reducing concessionary fares reimbursement payments to local bus and community transport operators. This may lead to a possible 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. Also potentially the characteristic of religion or belief may be impacted in relation to attending a place of worship on a Sunday, when bus services may be more limited.

2.3 Although not statutory protected characteristics, the proposals may also have a negative impact on those affected by poverty and rurality, due to potentially reduced bus services.

2.4 The proposal to facilitate the transition back down to reimbursing actual concessionary patronage levels avoids any immediate cliff edge impacts, allowing time for patronage levels to recover to what may in the longer term be considered the 'new normal' and helping to mitigate any negative impact that may arise