

RECORD OF EXECUTIVE DECISION

Tuesday, 19 July 2022

Decision No: (CAB 22/23 33907)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	TRANSPORT AND DISTRICT REGENERATION
SUBJECT:	CONCESSIONARY FARES REIMBURSEMENT METHODOLOGY 2022/23
AUTHOR:	Orbay Keskin

THE DECISION

- (i) To agree the local hybrid reimbursement methodology for bus operators on Concessionary Travel in line with the Department for Transport Alternative Covid-19 Recovery Guidance for financial year 2022/23.
- (ii) To delegate authority to Head of Service Green City & Infrastructure to give notice to bus operators of variation to the 2022/23 Concessionary Fares scheme to confirm the extension of the £1 Evening Fare for a period to be determined following consultation with the Cabinet Member for Transport & District Regeneration and the Leader.

REASONS FOR THE DECISION

Recovery from the Covid-19 pandemic has impacted on bus travel nationally and in Southampton. This includes the number of concessionary passenger journeys made. Overall, bus patronage in Southampton for March 2022 was 84% of pre-Covid levels (February 2020) so recovering relatively well, however concessionary travel passenger journeys are not recovering as well at 70% of pre-Covid levels. Government guidance for 2021/22 was that Travel Concession Authorities maintain concessionary fare reimbursement at adjusted pre-Covid levels. This was to enable support of vital local bus services and their role in our community after the pandemic.

In February 2022, the Department for Transport (DfT) provided its Alternative Recovery Guidance for Travel Concessionary Authorities to move to a phased approach for concessionary fare reimbursement. This would transition away from the adjusted (inflated) reimbursement levels based on pre-covid demand towards making payments based on actual concessionary passenger journeys made. This is intended to get bus services back on a sustained path to recovery alongside other Government funding (such as Bus Recovery Grant – which is due to end October 2022). Therefore, based on the overall patronage levels and trends and the DfT guidance, it is recommended that the Council reverts back to reimbursing operators based on actual patronage from April 2023 and applies an updated methodology for

2022/23 to manage the transition period.

DETAILS OF ANY ALTERNATIVE OPTIONS

Do Nothing

Under this option, the Council would not provide any additional support to bus operators for concessionary travel other than the statutory free off-peak local bus travel reimbursement as set out by the Transport Act 2000 and Concessionary Bus Travel Act (2007). Payment based only on actual patronage would impact on the bus operator revenues and the ability for the bus network to gradually adjust to the post-Covid new normal which is expected to conclude throughout 2022/23. This would also deviate away from the DfT recommended approach and the need for LTAs to be “sensitive to the financial needs of operators”. The reduction in operator revenue would run the risk of significant service reductions, where some routes could disappear, both with implications for SCC having to intervene to safeguard lost services via direct subsidy, resulting in a potentially greater revenue pressure. See appendix 2 for financial summary of concessionary fares reimbursement based on actuals and summarised below in table 2.

Maintain pre-Covid level payments for the duration of the 2022/23 financial year
Under this option, the Council would retain the methodology that has been used in 2020/21 and 2021/22 whereby bus operators are paid 100% pre-Covid patronage rather than on actual patronage or a gradual return to payment based on actual. The advice is to use local data and circumstances to see if this is appropriate. Overall, Concessionary Travel in Southampton is recovering well – it is 70% of pre-Covid and increasing. This is in line with wider bus patronage in would continue with the adjusted scheme that has been in operation since 2020 for 2022/23. This would continue to pay operators 100% of value of concessionary travel based on pre-Covid patronage for the full financial year irrespective of actual patronage. This option has been rejected as local circumstances are indicating that concessionary travel is still below pre-Covid and recovering. Continuing with this would artificially pay operators and not reflect the actual situation and not support the transition plan to 2023/24 of paying on actuals as set by DfT. If patronage rose above pre-Covid levels then operators would be worse off, going against the principle that operators are ‘no better and no worse off’ by taking part in concessionary travel schemes. This would result in a risk of a reduction in bus services across the City. Any service reductions or route withdrawals would have the greatest impact on young people, older people and families from lower income households, disabled people, and women. All these groups rely more on bus services than the general population. The projected expenditure for this would be £3,855,436 based on 2021/22 outcomes as detailed in table 2. Please see Appendix 5 for detailed overall concessionary fare payments made during 2021/22.

DfT Guidance

This option uses the DfT’s default assumption that TCAs will follow a phased approach for transition back down to actual concessionary patronage levels. Under this approach the Council would steadily reduce their pre-Covid concessionary payments to operators in 5% bi-monthly reduction in payments from 90% of pre-Covid reimbursement level from July 2022 onwards, until actual patronage levels are reached. This reduction would only occur if the Council was paying at 100% of pre-Covid in April 2022. It does provide recovery support to bus operators while

concessionary patronage is still suppressed.

This option has been rejected as while it is the DfT's default option, concessionary reimbursements are lower than 100% therefore, the actuals would be reached earlier than March 2023. See appendix 3 for forecast costs of this option. And summary in Table 2 below.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None.

CONFLICTS OF INTEREST

None.

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 19th July 2022

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in (<i>if applicable</i>)