

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	19 November 2020
Title:	Passenger Transport Contracts and Concessionary Fares Payments
Report From:	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 extend the current policy of 100% contract and concessionary fares payments to local bus and community transport operators until 31 March 2021 in order to assist with the recovery and operation of these services in view of the impact of COVID-19.
2. This report also seeks agreement to extend the policy of 80% contract and concessionary travel payments to taxishare operators until 31 March 2021 to assist in the recovery and operation of these services in view of the impact of COVID-19
3. The report outlines additional financial support to assist community transport operators in the recovery and operation of their services for the remainder of this financial year in view of the loss of user income which they are experiencing as a result of COVID-19.

Recommendation

4. That authority is given to extend the current policy of 100% contract and concessionary fares payments to local bus and community transport operators until 31 March 2021, and 80% contract and concessionary travel payments to Taxishare operators until 31 March 2021, as detailed in the supporting report, to be met from existing budgets and administered through normal procedures and delegated authority, to provide continuity for service users in Hampshire.

Executive Summary

5. This report proposes that the County Council extends the current policy of paying community transport operators for tendered services and concessionary fares at the funding levels provided before any downturn in

service provision or patronage until 31 March 2021, in accordance with government guidance at the start of the Covid-19 pandemic and ongoing messaging from the Department for Transport.

6. This report also proposes extending the current policy of paying Taxishare operators (contract and concessionary travel payments) at 80% of the funding levels provided before any downturn in service provision or patronage until 31 March 2021 to provide continuity for the users of these services, in accordance with government guidance at the start of the Covid-19 pandemic and ongoing messaging from the Department for Transport.
7. The proposed funding extensions will be in addition to Exceptional Cost Payments to Community Transport Operators, available through application with supporting evidence, and authorised over the summer within existing budget provision, to assist with any service adjustments needed in recovering a service and any lost user income.
8. 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.
9. These proposals contribute towards Hampshire's strategic aim of enabling its residents to live safe, healthy and independent lives.

Contextual Information

10. In line with government guidance, Procurement Policy Note (PPN) 02/20, the County Council and its funding partners (e.g. a number of district councils) maintained full contract and concessionary travel payments (based on an average payment for 2019/20) to operators of local bus and community transport services and 80% payments to taxishare operators for the three months up to 30 June 2020.
11. The most recent government guidance (Procurement Policy Note 04-20) allowed councils to continue with payments to operators until 31 October 2020 whilst emphasising the need for transition onto new operating models where this may be required.
12. The Department for Transport's (DfT) most recent letter, dated 14 September 2020, confirmed that the budget for their financial support package (COVID-19 Bus Service Support Grant or CBSSG) for bus operators is based upon local authorities maintaining concessionary travel reimbursement and tendered service contract payments at pre-COVID-19 levels.
13. In the absence of any further guidance from government, the County Council needs to determine its approach in terms of funding supported passenger transport services for the remainder of the financial year given the ongoing effects of COVID-19 on these services.
14. Each of the current supported service areas is now considered in turn where further information on current operations is provided.

Local Bus

15. Usage of local bus services is estimated to be down by approximately 50-65% 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.
16. Local bus services supported by the Council are now in most cases operating at a frequency of between 80-100% of pre-COVID levels. Therefore, the support offered by the County Council is between 20% and 0% depending on the contract.
17. Students returning to school and college and the reduction of capacity within the local bus networks due to social distancing requirements presented a significant challenge to the local bus network in some parts of Hampshire.
18. Where services are not operating at 100% of their pre-COVID levels due to a downturn in passenger numbers, local bus operators were able to utilise the resulting spare resource to add capacity in their networks to meet the demand of school and college students.
19. The maintenance of 100% contract and concessionary travel reimbursement payments supports the sector to enable operators to continue with this approach and provide the capacity required to meet demand.

Taxishare Services

20. As the first lockdown eased, the Taxishare services have seen a steady growth in their utilisation. Average usage has grown from just 13% of pre-COVID levels in April to 34% in August.
21. 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.
22. The maintenance of 80% contract and concessionary travel reimbursement payments supports the taxishare operators to continue providing services to meet the increasing demand.

Community Transport Services

23. In view of COVID-19, a decision was taken in March 2020 to suspend the operation of community transport contracts and continue with full payments to operators who were asked to refocus services and resources to support service users in other ways e.g. taking essential services like shopping and prescriptions to them.
24. Since the beginning of July, the recovery of these services has been underway. All of the supported Dial-a-Ride, Call and Go and Shopper

services have now been recovered across Hampshire. Ridership across Hampshire on these services is currently 34% of the journeys undertaken for the same period in 2019 with operators reporting a slowly increasing return to services as confidence amongst the user base grows.

25. The recovery of the Minibus Group Hire Schemes is proving to be more challenging due to the current social distancing guidelines and the numbers of passengers normally involved and the types of voluntary organisations that might normally use these services. The County Council is currently working with operators in recovering these services. This includes looking at what role these schemes, using their larger vehicles, could play in the delivery of some Taxishare services where there are capacity issues due to current social distancing guidelines.
26. The Wheels to Work Moped Loan Scheme for young people was not suspended and has continued to be available throughout. Following an approach from the scheme a decision was taken to suspend the weekly payments to hirers for a period of three months. This has supported young people through Covid-19 who were either furloughed or placed on reduced hours given that many hirers work in the hospitality industry.
27. Many of these services are jointly financed with other funding partners, mainly district councils and maintaining these payments throughout the period and until the 31 March 2021 will allow work to continue on recovering these services and ensure the sustainability of operators to continue operating these services longer term.
28. Even though the Council and its funding partners are maintaining these payments, operators are still not able to cover the overall cost of operating their services due to a loss in user income. Whilst this loss will decrease as services resume, it is unlikely that it will be removed entirely whilst social distancing guidelines remain.
29. Given the above, it was agreed that additional financial support be provided to community transport operators through the Exceptional Cost Payment process under the terms of the current contract provision. This allows operators to receive additional payments to cover any additional expenditure or reduced income due to factors outside of their control in relation to the operation of a contract.
30. Community transport operators are currently able to apply for an Exceptional Cost Payment to assist with any service adjustments needed in recovering a service and any lost user income. Claims are supported by detailed income and expenditure information and payments are made in consultation with other funders as required by the contract terms and conditions.
31. A sum of £100,000 has already been agreed to cover the cost of these Exceptional Cost Payments to operators, and this is being met from existing budget provision. Claims for the first period (April to June 2020) are valued at £25,119. Maintaining the ability of community transport operators to continue to apply for Exceptional Cost Payments for the remainder of the financial year will ensure the longer term sustainability of the sector and of these services.

Concessionary Travel

32. As part of its response to Covid-19, the County Council temporarily extended the hours of operation of the Hampshire English National Concessionary Travel Scheme from its current 09:30 to 23:00 on weekdays, and at all times at weekends and on public holidays, to all days and all times for all eligible services. This change, which was introduced on 20 March 2020, enabled those people with an older person's bus pass to access special 'older peoples' early opening hours both to reduce social contact and obtain high demand products. The temporary extension was removed on 15 June 2020 to help commercial operators manage the increased patronage resulting from the easing of the lockdown restrictions. This helped key workers who were returning to work make their journeys more easily given the social distancing requirements which services were operating to. The arrangement remained in place for eligible contracted community transport services until 31 October to support the restart of these services.
33. In line with the passenger usage on most eligible services, journeys made by concessionary pass holders on these services were at approximately 13% of the 2019/20 level for the first quarter of this financial year. The figures for the period show a gradual increase in the journeys made by concessionary pass holders as the quarter progressed.
34. Local bus, community transport and taxishare services all benefit to varying levels from Concessionary Fares Payments and for many operators these payments prove to be an important source of their income. 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 taxishares have been made at 80% of the payment levels which they received for 2019/20
35. The maintenance of concessionary travel reimbursement payments, based on an average payment for 2019/20, will continue to support operators in the recovery and operation of their services and provide the capacity required to meet demand. It will also support the recovery of the wider passenger transport network in Hampshire.

Finance

36. The proposals in this report have no budgetary impact on the existing budgets for passenger transport services. Payments will continue to be made at pre-approved levels and 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 remainder of the financial year.

Procurement

37. A variation has been made to the local bus, community transport and taxishare contracts to enable the Council to give relief to the operator on the basis that the operators have experienced Covid-19 related hardship.
38. 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

39. The government advice within the 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.
40. The variation mentioned above sets out this principle within the contracts held by operators of local bus, community transport and taxishare services.

Future Arrangements

41. The PPN 04-20 advises that local authorities should “work in partnership with their suppliers and develop transition plans to exit from any relief as soon as reasonably possible. This should include agreeing contract variations if operational requirements have changed significantly”.
42. The guidance also stresses the need for this transitional process to “ensure contracts are still relevant and sustainable and deliver value for money over the medium to long term”.
43. Usage of local bus services is gradually increasing as government restrictions on using public transport ease. Contracted services are now either operating at 100% of their pre-COVID levels, or, through agreement with the County Council, capacity has been released through operating less well used routes at a reduced frequency to enable operators to flex their resource to services where demand from students exceeds the capacity available.
44. The County Council has established the Local Resilience Forum Public Transport Sub-Group. This group sees representatives from bus, rail and (in-land) ferry operators meet with County Council officers responsible for public and community transport to work on short, medium and long-term action plans to aid Hampshire’s passenger transport recovery. The County Council will work with this forum to develop a plan to reduce the reliance of the sector on ongoing public support. This is a large area of work with significant implications. The recommendations in this report will allow time to develop the plan.
45. In the absence of additional Government support for this sector over the medium to long term, the plan will probably need to work within the constraints of existing funding levels continuing or potentially being decreased. In light of lower levels of patronage caused by the impact of the

pandemic it is likely that operators' income streams will be reduced for some time to come and that as a result there will inevitably be a need to change the levels of service currently operated and also how services are delivered. Even if, or when a vaccine is developed, it will still take time for customer confidence in using public and community transport services to return to pre Covid-19 levels.

46. The plan will consider how to manage this impact in rural, suburban and urban areas. It is worth noting that the change in public transport commercials is potentially so significant that it may trigger a need for a national review of the concessionary travel scheme. Maintaining the national scheme in its current non-contributory form may result in a reduction in service levels in marginal areas i.e. rural and possibly some suburban routes. The County Council's position on the scheme has for some time been that it should be a contributory scheme and that this may be the only way to safeguard essential services, particularly in rural areas where the greatest levels of public subsidy have historically been applied.
47. In the longer term, the County Council is exploring a new operating model for passenger transport services in Hampshire. The focus of this model will be understanding the needs of the customer in the post COVID-19 world and delivering services in an increasingly challenging financial environment. It is proposed that the operating model should explore:
 - the social, economic, commercial and environmental drivers behind service provision; and
 - how to better utilise technology to meet the needs of the customer - the first step towards a Mobility and a Service (MaaS) style approach.
48. The Passenger Transport strategies to be developed as part of the 4th Local Transport Plan will provide a further opportunity to explore the issues and options surrounding future mobility.
49. Current social distancing requirements have resulted in a significant reduction in the capacity of Taxishares and therefore availability of these services. The County Council has met with several providers to explore innovative technological solutions that have the potential to improve the efficiency of these services resulting in an increase in the number of passengers these services would be available to.
50. As mentioned above, the County Council is also exploring the possibility of utilising community transport resourced to provide taxishares using their larger vehicles.

Equalities Impact Assessment

51. 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.

Conclusions

52. The proposals set out in this report support 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.
53. 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:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no

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.)

Document

Location

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 remain unchanged for the remainder of this financial year and therefore there will be no further impact upon those groups with protected characteristics.